

Clause No. 3 in Report No. 5 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on March 27, 2014.

UPDATE ON THE MODERNIZATION OF CHILD CARE IN ONTARIO AND INCREASED FUNDING FOR YORK REGION

Committee of the Whole recommends adoption of the following recommendations contained in the report dated February 20, 2014 from the Commissioner of Community and Health Services:

1. RECOMMENDATIONS

It is recommended that:

1. Council authorize additional gross expenditures of up to \$7,427,232 in 2014 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.
2. Council approve an increase of up to 3.5 permanent full-time equivalents, effective April 1, 2014 and funded 100% by provincial dollars, phased in over two years.

2. PURPOSE

This report:

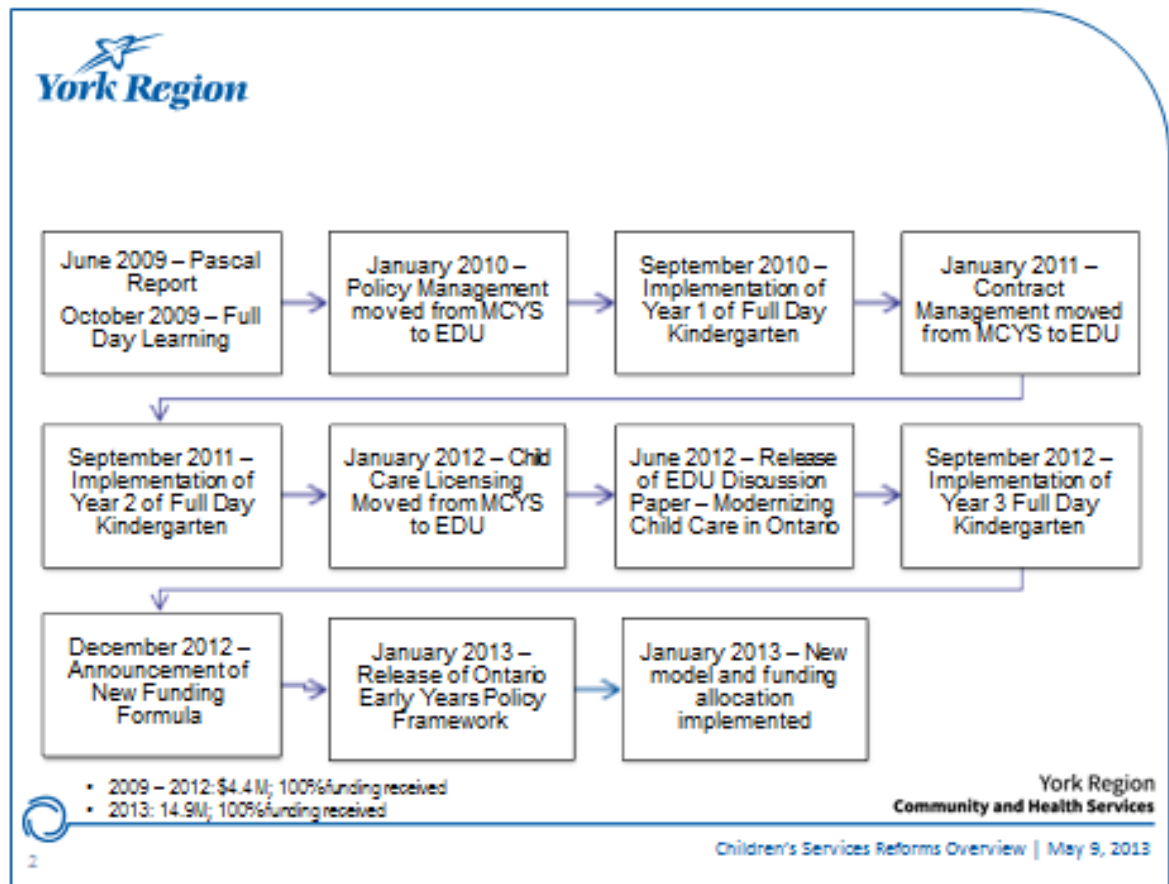
- Recommends that Council accept new provincial funding to help mitigate the growth of waitlists, increase system capacity, and stabilize and increase the child care system in York Region.
- Outlines the next phase of early learning and child care reforms and potential impacts on York Region – including the proposed legislation to replace the existing *Day Nurseries Act*.

3. BACKGROUND

Since 2009 the early learning and child care system has undergone significant reform and the role of municipalities has expanded

Since 2009 the early learning and child care system has undergone major reform. As demonstrated in Figure 1 below, full day kindergarten and the new provincial funding model has, so far, had the most fundamental impact.

Figure 1
Recent Changes to the Child Care System



The purpose of these reforms is to provide programs that benefit children by providing enriching early years experiences.

Under reform, the role of municipalities as Service System Managers has been expanded and there is increased municipal flexibility to respond to local needs as well as heightened responsibility to provide increased levels of program integrity, program planning, contract management, data analysis, and community consultation. Municipalities work with the Ministry of Education, Boards of Education and child care operators to support an integrated system of licensed child care programs for children 0 – 12 years of age.

Between 2009 and 2013, York Region received an additional \$19.3 million in new provincial funding to increase access to fee subsidy for over 1,200 additional children, increase access to Early Intervention Services for over 600 additional children, and to improve the licensed child care system

Historically, the level of provincial funding received by York Region has been insufficient to meet the need for child care services and the program funding restrictions have also made it difficult to respond to local issues.

Between 2009 and 2012, however, the Region received \$4.4 million in new 100% provincial funding for child care. In 2013, with the implementation of a new funding formula, the Region received an additional \$14.9 million. Also in 2013 new funding policies were put in place which allowed municipalities more flexibility and responsibility to respond to local realities.

These provincial reforms allowed 1,200 more children to receive child care fee assistance. In 2013 the Region leveraged the \$14.9 million of new funding and new program flexibility in such a manner that for the first time in over five years the number of children receiving fee assistance is now higher than the number of children waiting for subsidy. Increased access to Early Intervention Services also occurred in this time period.

This increased investment and municipal flexibility in the early learning system means more families with primarily low to moderate incomes are able to continue to work or go to school because they have child care supports that meet their needs. As well, Regional investments mean that more families are using child care that is of higher quality, and more children are in safe nurturing environments that comply with the *Day Nurseries Act*.

If, however, provincial funding is scaled back, the Region will have the option to lower service levels and lay off employees.

Changes to the legislation governing child care were tabled in December 2013 and will further expand municipal system management responsibilities

The full process of child care and early learning reforms will take another three to five years and will require changes to provincial legislation.

On December 3, 2013, the Ministry of Education took the next step in reform by tabling Bill 143, *An Act to enact the Child Care and Early Learning Act 2013, to repeal the Day Nurseries Act, to amend the Early Childhood Educator Act 2007 and the Education Act and to make consequential amendments to other Acts*. Changes in the proposed legislation include strengthening the role of Municipal Service System Managers and providing incentives that may encourage home child care providers to become licensed. The Ministry is also proposing an increased role and powers for the Province to better ensure the safety of children in informal settings. The increased powers are a response to mitigating some of the circumstances that have led to tragic outcomes in informal settings.

Consultations by staff with the child care sector are underway to assess the potential impacts for the child care community and York Region. Staff will continue to monitor the development of the legislation as well as regulatory changes and report back to Council on the impact, as needed.

4. ANALYSIS AND OPTIONS

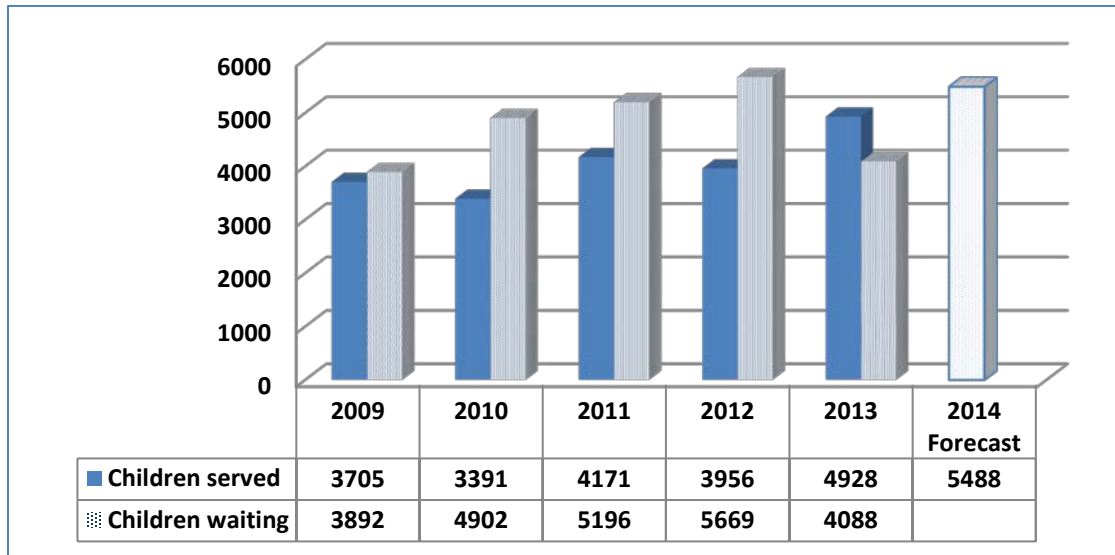
In 2013 York Region used funding and resources approved by Council to significantly decrease waitlists

Many more low income families have access to child care and Early Intervention Services supports so they can pursue employment and integrate their children into our communities. The Region's lowest income children – those whose families have an annual income of \$36,000 or less, now have no wait time for fee assistance funding if they are deemed eligible.

Figure 2 shows the children waiting to be served versus those who received child care fee assistance (subsidies) over the past five years. In 2013 the children who received subsidies exceeded those on the waitlist.

The Child Care Fee Assistance waitlist has decreased by 28% in the last year. On December 31, 2012, the waitlist was 5,669. On December 31, 2013, the waitlist was 4,088.

Figure 2
 Service Demand: Child Care Fee Assistance Services 2009 – 2013, and
 2014 Forecast

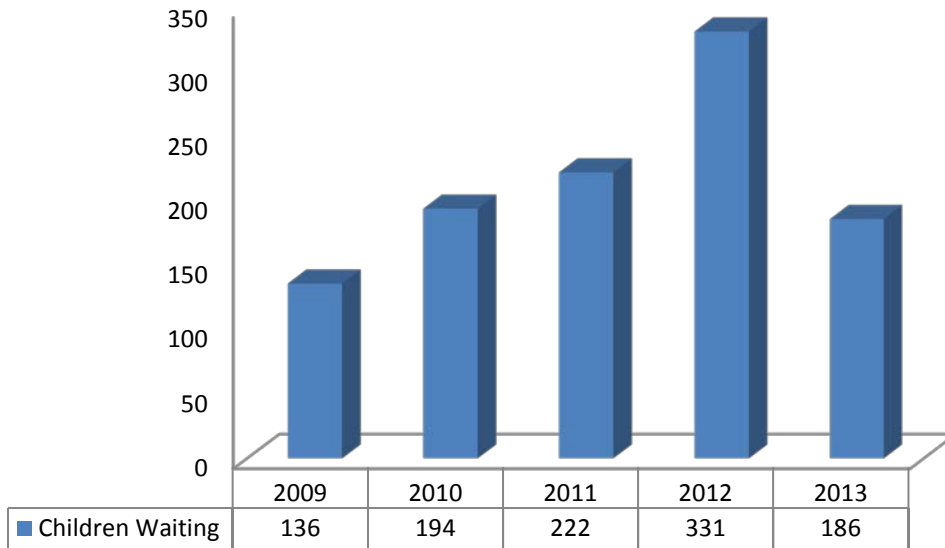


As Figure 2 shows, there still continues to be a waitlist for services. To better manage this, the Region needs to grow its internal capacity to forecast need, collect data and system plan in a more sophisticated way so leadership to operators can be provided. While it is possible to roughly forecast service levels a year in advance, the capacity to do this accurately or to forecast need is a new role and does not yet exist. Waitlists are expected to grow due to ongoing growth in York Region, one of the few Canadian jurisdictions with a growing population of children.

Strategic program planning and new funding also yielded positive results for families with children with special needs. The Early Intervention waitlist has decreased by 43% in the past year. In December, 2012, the waitlist was 331. In December, 2013, the waitlist was 186.

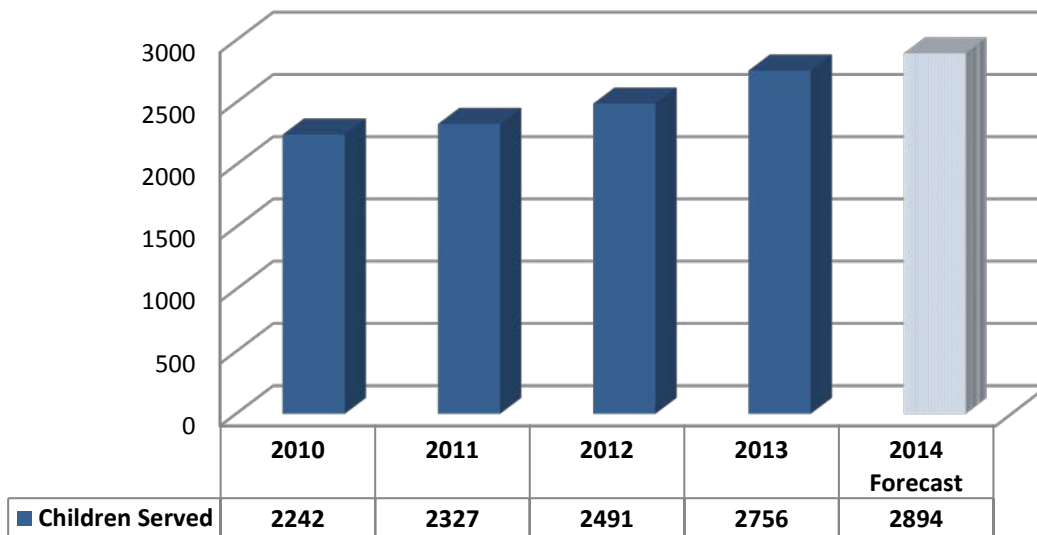
Figure 3 outlines the waitlist changes between 2009 and 2013 for Early Intervention Services. Figure 4 outlines the services level change for the same period.

Figure 3
 Early Intervention Services Children Waiting: 2009 - 2013



*Restated – the increase in the waitlist for 2012 was due to a significant increase in referrals to EIS in 2012 over 2011. The increase in referrals was due to a number of factors including a growing child population, greater community emphasis on early identification and an increase in the rate of certain conditions such as Autism. In 2013 council approved staff and program resources provided through the new funding to help to lower the waitlist.

Figure 4
 Early Intervention Services: Children Served
 2009 – 2013, and 2014 Forecast



In 2013, based on local priorities, York Region used provincial funding to support quality programs, enhance healthy, safe environments for children, and increase skills and knowledge in child care sector staff

In 2013 York Region made it possible for licensed child care operators to increase the quality of early learning in several ways including equipment that helps children with special needs take part in activities and integrate into child care programs, and to undertake repairs that promote healthy, safe environments.

In addition, the Region supported general professional development, training on the integration of children with special needs into licensed child care, and training on child care system changes. Workshops were held across York Region to over 1,300 participants from licensed child care operations. With the provincial emphasis on special needs resourcing in school-based child care, these half-day sessions also included training on the use and modification of equipment to support children with special needs, introduction to autism and supporting children with feeding difficulties.

In 2014, York Region has been allocated \$7.4 million more in 100% provincial funding over 2013 levels

Because York Region continues to see substantial growth in the child population and other demographic data, the Region has been allocated an additional increase of \$7.4 million in 100% provincial funding with no tax levy impact. This means if Council endorses this report York Region will receive \$67.3 million in 2014 from the province as compared to \$59.9 million in 2013.

All provincial funding must be spent within the calendar year on child care, Early Intervention Services (special needs resourcing) and Family Support Programs. Underspending must be returned to the province for potential permanent redistribution.

The new funding will be needed to help shore up the children's services system and allow it to further stabilize and grow. There continue to be challenges for child care operators across the Region. For example child care operators struggle with hiring and keeping qualified staff. The implementation of full day kindergarten means many of their staff are leaving for the education system with its higher wages and stability. This impacts on the number of children that can be cared for. Because children 3.8 years and up are now in school, child care centres tend to focus on the 0 to 3.8 year old children. These younger children require higher staff ratios. Operators are sometimes constrained in how many children they can accommodate and therefore serve less children than they have capacity for. This means there are fewer spaces in the child care system for families and system growth is stagnating. So even with the new funding available, it is becoming a challenge for York Region to purchase licensed child care spaces. By supporting child care

operators with funding for equipment, training, information about how new reforms can be used to their advantage, and repairs, operators can direct their dollars to support increased salary and benefits and retain staff.

An additional major challenge faced by child care operators is that while the Province provides some minor capital funding, it does not provide dedicated funding for major capital expenditures. Full day kindergarten is to be completed in September 2014. Without the support of minor capital funding to continue to re-align the system towards younger children, there will be a continued loss of child care spaces.

To strengthen the child care system in York Region, staff are recommending investment in three areas:

1. Increased access to child care through increased service levels for fee subsidy and/or increased funding to child care operators through rate increases.
2. Continued increased investment to support access to early intervention support for families of children with special needs.
3. Increased funding to support operating costs such as repairs and maintenance, equipment purchases (minor capital), and access to training opportunities; finding alternative mechanisms to support capital improvements.

Link to key Council–approved plans

Child care and Early Intervention Service programs support the *Regional Official Plan* and *Vision 2051* by providing human services that strengthen communities and increase access to affordable child care for families to help them reach their social and economic potential.

5. FINANCIAL IMPLICATIONS

Additional 100% provincial funding means no tax levy impact and the opportunity to increase service levels

Effective January 1, 2014, York Region has been allocated an additional \$7.4 million in additional 100% provincial child care funding to be used towards increasing child care fee assistance, Early Intervention Services (special needs resourcing), administration, capacity building, and transformation. If Council endorses this report, York Region will receive \$67.3 million in 2014 from the Province, as compared to \$59.9 million in the 2013 allocation. This means the additional funding will result in a 12% increase in the 2014 gross expenditures, offset by 100% provincial funding, with no impact on tax levy.

The new funding formula is more transparent, and as of 2013 funding is based on several objective factors, including key data elements such as:

- Child population
- Demographic changes to measure demand for fee subsidies, and
- Other child care cost drivers such as cost of living indicators, aboriginal population data, French speaking populations and populations which have no knowledge of either official language, and measures related to rural and remote communities.

This is grounded in a simplified funding framework that increases municipal responsibility and scope for system planning, and includes:

1. Core Services Delivery Allocation

The majority of provincial funding for child care is the core services delivery allocation which provides increased access to licensed child care for families. It includes: funding to increase access to fee subsidies for eligible families; special needs resourcing supports for eligible families; meeting Pay Equity obligations; and system transformation and capacity building, including funding for municipal program delivery.

2. Special Purpose Allocation

The Special Purpose Allocation recognizes the unique costs associated with providing services in specific areas and to certain populations. Specifically, it recognizes and provides funding to municipalities for the extra costs associated with: rural/remote communities; extra language supports; full day kindergarten transition; higher costs of living; the needs of aboriginal populations; system transformation capacity building; and repairs and maintenance for health and safety to support compliance with *Day Nurseries Act* licensing requirements.

3. Capital Allocation (Minor Capital)

This allocation assists in maintaining and improving child care infrastructure. It also supports operators to re-purpose existing child care space to serve younger age groups.

In 2013 Council-approved program staff successfully expanded case management, increased fee subsidies, expanded Early Intervention Services and provided enhanced program supports. However, new funding and associated flexibility have also resulted in expectations from the Province for increased community consultation, financial integrity, increased reporting to the Province, data analysis capacity to more accurately forecast present and future need, and more administrative functions associated with contract management processes for over **500** child care sites. No increases to staff that perform business functions have occurred despite the reforms over the last several years.

Currently with half a financial analyst and two clerks, only the bare minimum of these requirements are being met and new ongoing program and financial integrity needs

cannot be met. 3.5 staff (a financial analyst, a data analyst, a senior program analyst and half an administrative clerk) are requested to manage new forecasting, increased reporting requirements, contract administration, community consultations and system plan reporting resulting from new provincial changes.

The table below shows funding details by funding allocation.

Table 1
Provincial Funding Details

	*Original Allocation	2013 Increase	2014 Increase	Total 2014 Allocation
Core Service Delivery	\$43,965,065	\$13,875,521	\$4,422,494	\$62,263,080
Special Purpose	416,864	887,747	3,146,477	4,451,088
Capital (Minor Capital)	<u>645,718</u>	<u>126,885</u>	<u><141,739></u>	<u>630,864</u>
Total	\$45,027,647	\$14,890,153	\$7,427,232	\$67,345,032

**Restated to include Family Strengthening program transferred from MCYS*

The new funding will be used to meet provincial requirements and increased program flexibility will allow York Region to utilize funding to maximize service levels in areas most needed.

6. LOCAL MUNICIPAL IMPACT

The reform of the early years and child care system and the new funding formula has the potential to continue to be good for children and families in all local municipalities. High quality child care and Early Intervention Services allow parents to support their children in reaching their full potential.

In addition, child care fee subsidy allows eligible parents access to quality child care programs so they can pursue employment and/or education opportunities. This, in turn, supports local industry, promotes economic development, strengthens local communities and supports families in moving towards economic independence.

7. CONCLUSION

The child population and number of lower income families continue to grow in York Region. It is critical that funding for services that support families to achieve success and economic independence exists to allow parents to work and/or receive training to contribute to the communities and economy in York Region. It is also critical that the existing early learning system provides stable, secure, high quality services for children.

In 2013 Council endorsed an increased allocation of 100% provincial funding to expand child care fee subsidy and Early Intervention Services, including additional staff resources. This resulted in a significant reduction in wait lists for families and children, increased service levels and strengthened the children's services system. There continues to be an unmet need and ongoing capacity challenges due to the Region's growth as well as the pace of reform.

Effective January 1, 2014, York Region has been allocated an additional \$7.4 million in 100% provincial child care funding. This funding, should Council accept this report's recommendations, will help to fill a number of gaps in children's services supports.

Regional staff will continue to closely monitor the impact of the modernization of child care and work with stakeholders to support and manage the system transformation.

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.