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UPDATE ON EARLY LEARNING AND BEST START CHILD CARE SERVICE AND FUNDING

The Community and Health Services Committee recommends the adoption of the recommendation contained in the following report dated October 30, 2009 from the Commissioner of Community and Health Services.

1. RECOMMENDATION

It is recommended that:

1. Council endorse a resolution (*see Attachment 1*) to be sent to the Federation of Canadian Municipalities calling on the federal government to enhance funding support for early learning and child care programs.

2. PURPOSE

This report provides Council with information pertaining to the recently released Pascal Report on the future of early learning in Ontario, along with an update on anticipated reductions to existing early learning and child care funding under the Provincial Best Start initiative, incorporating an outline of potential service impacts, (pending provincial clarification on the actual budget reduction), and the approach to managing these impacts. The report also seeks Council's approval of a resolution, provided with this report, as requested by Regional Council at its meeting of June 25, 2009, to be sent to the Federation of Canadian Municipalities (FCM), calling on the federal government to enhance funding for early learning and child care programs.

3. BACKGROUND

The Province is beginning to implement changes to early learning and child care planning, service delivery, and funding in Ontario

On June 15, 2009, Dr. Charles Pascal issued to the Province his highly anticipated report on early learning in Ontario titled, *With our Best Future in Mind: Implementing Early Learning in Ontario*. The report, which was requested by the Province, recommends the creation of a new integrated child and family service system for Ontario by blending elements including municipal service system management and planning, with school board responsibility for new early learning programs and extended school day activities.

On October 27, 2009 the Province announced it would begin the phase-in of one of Dr. Pascal's recommendations, full day learning for four and five year olds, in the fall of 2010. However, even this part of the plan proposed by Dr. Pascal is expected to take five years to implement. If Dr. Pascal's report is fully implemented as proposed, the new early years system envisioned by him would initiate an extensive re-engineering of resources, funding, governance, and mandates of existing child care, family resource and early intervention services. Further information pertaining to action on the other recommendations in the plan is expected from the province in the coming months.

While system-wide change is being considered, immediate concern about current Best Start funding levels for early learning and child care services continues to exist

While the Pascal report is continuing to be analyzed and assessed by the Province with some phasing in of changes as noted above, immediate concerns exist in regard to the level of anticipated reductions in existing provincial early learning and child care funding under the Best Start program expected to take place after March 31, 2010. While York has received a letter from the Ministry which appears to indicate a $2.1 million reduction to funding in 2010 under Best Start, (a $2.9 million annual funding reduction off-set by one-time funding of $0.8 million for 2010), the Region has also been told by the Ministry that it is not possible to confirm at this time what actual Best Start funding will be received in 2010/2011. This has led to concern that other funding under Best Start could still be at risk. In York Region it has been estimated that, based on assessment of all funding potentially at risk, impacts could therefore amount to up to $14 million on an annual basis, or over $10 million in the 2010 calendar budget year. Reductions of this magnitude, were they to take place, could put at risk of reduction over 700 fee assisted spaces for child care, and over 500 spaces in Early Intervention Services for young children with special needs, on an average monthly basis. In addition, up to $3.8 million that is used to enhance the salaries of early childhood educators and other staff in centres would also be at risk.

While further funding information is still being sought from the Province, a plan has been developed to manage service reductions to the level required

At the point this report is being written, staff continue to actively seek confirmation from the province on what the actual level of funding will be in 2010. However, in the absence of confirmed information, and in order to ensure the most effective manner possible to manage any funding reductions up to the full at risk impact, the department has developed a mitigation plan to minimize the impact to children and families resulting from the need to reduce service.

4. ANALYSIS AND OPTIONS

The Pascal Report recommends a new Early Learning Child and Family Service System for Ontario, elements of which will begin to be phased-in, by the fall of 2010

In his report on early learning, Dr. Pascal presents a vision of a new integrated approach to service. The main elements of this new system vision are as follows:

- The new system is for children 0-12 years old and will be coordinated in a new Early Years Division within the Ministry of Education.
- This new division will be accountable for the delivery of early learning and child care programs, and after school programming.
- The new division will also be responsible for a new Early Years Policy Framework which would include legislative requirements, policy, funding, and accountability.
- Consolidated Municipal Service Managers including York Region would then provide systems management for a network of Best Start Child and Family Centres for children 0-4 years old.
- School Boards would directly operate programs for children 4-12 years old including full day Junior Kindergarten, Senior Kindergarten (JK/SK) for 4 and 5 year olds, an extended day primary program for those 6 to 8 years old, and after school programming for children 9-12 years old.
- The changes that are proposed in the report are to be introduced over time, with the Province just recently announcing the phase-in of full day JK/SK to begin with the start of the 2010-2011 school year in September of 2010 as noted earlier in this report.

Municipal leadership of local service system management and planning is included as a key element in the Pascal Report

In this proposed system Consolidated Municipal Service Managers would be vested with the authority to develop, with partners, and in shared accountability arrangement with the Province, multi-year Early Years Service Plans. The plans would include outcomes, benchmarks, timelines and accountability measures to support the delivery of the system.

Further information is required to clarify implications of the Pascal Report recommendations for municipalities

While the Pascal Report emphasizes a very positive view of municipal expertise in managing and delivering early learning and child care services, clarification is still required as it pertains to a range of issues including the critical issue of sufficient provincial funding to support the full transition to a new system, and to ensure effective implementation and long term stability. Dr. Pascal outlines in his report implementation cost projections in the range of $790 million to $900 million a year, but also indicates the opportunity for cost savings through service consolidation. Organizations, such as the Association of Municipalities and the Ontario Municipal Social Services Association, while expressing a generally positive view of the report, have noted that more information is needed on implications for municipalities, including funding and further details on the administrative responsibilities that municipalities would be required to take on related to integrated planning with school boards and stakeholders, as well as specific reporting and accountability requirements.

York Region currently administers a $54 million Early Learning and Child Care Program that includes at risk Best Start funding

The 2009 Child Care budget of $54 million in expenditures is offset by $42 million in provincial funding. This funding supports child care fee subsidy, early intervention services and other services for special needs children, as well as program administration and wage subsidy and pay equity payments to support the overall system, through enhancements to the salaries of early childhood educators and other program staff.

The funding associated with the Best Start Initiative currently constitutes approximately $14 million or 33% of provincial funding received. Table 1 summarizes existing child care funding in 2009.

Table 1
2009 Budgeted Child Care Program Funding ($million)

Program	Total Service (Monthly Average)	Total Expenditure	Tax Levy	Other Provincial Funding	Best Start Funding at Risk	Best Start Service Level
Fee Assistance	3,229 spaces	$24.1	$ 3.6	$13.9	$ 6.6	739 spaces
EIS	1,500 children	8.9	2.4	4.0	2.5	525 children
Wage Subsidy		14.7	2.0	8.9	3.8	25.9%
Program Admin		5.6	3.3	1.2	1.1	
Total		**$53.3**	**$11.3**	**$28.0**	**$14.0**	

Total expenditures for EIS and Program Administration include corporate support costs of $2.6 million.

There is a need for further provincial clarification regarding the amount of Best Start funding available after April of 2010

The need for clarification exists across the Province in regard to the full extent of Best Start funding expected in 2010/11. Reductions have been anticipated for some time as a result of the then incoming federal government’s decision to terminate, after only one year, the five year Early Learning and Child Care Bi-lateral Agreement with the Province, effective March 31, 2007. As a result, Ontario received a final one-time province-wide payment of $254 million for 2006/07 from the federal government, which it decided to split over the final four years ($63.5 million each year province-wide) of what was to have been the five year federal funding plan resulting in these funds ending in March of 2010. Beginning with the Federal government decision to terminate the agreement in March 2007, Service Managers across the Province have had concerns regarding potential program implications after March 31, 2010. At its meeting on June 25, 2009, Regional Council considered a previous report on impacts to Best Start funding (Update on Best Start Child Care Funding) and requested that a draft resolution be attached to this follow up report for Council's consideration to be sent to the FCM, calling upon the Federal government to enhance funding support for early learning and child care programs in Canada. A draft resolution is attached for Council's consideration.

Through the three fiscal years (2007, 2008 and 2009) the Province has increased funding to York Region from a planning Best Start allocation of $8.1 million in 2007 to $14.0 million in 2009, with associated increased service level targets.

As these additional dollars have not been annualized and the Province has not indicated whether they would be ongoing, department staff have considered these as dollars potentially at-risk, along with York Region's share of the federal dollars noted above.

In August 2009, the department received a letter from the Central East Region Ministry of Children and Youth Services office indicating that, as a result of the last of the federal funding ending, the municipality would see a reduction of $2.9 million on an ongoing basis, offset in 2010, by a one-time provincial investment of $0.8 million which was indicated as York Region's share of a province-wide $18 million provincial investment designed to support the continuity of service through to the end of the 2009/10 school year. When the department contacted the Ministry to clarify whether the reduction noted was the full extent of the cuts expected after March 2010 for the 2010 regional calendar budget year, York Region staff were advised that this could not be confirmed at this point. This has resulted in confusion as to the extent to which the letter can be accepted as an indication of the full impact of reductions in 2010 and therefore be used in confidence to plan for the coming year.

As a result of lack of clarity, the level of potential funding reduction scenarios in York range from approximately $2.1 million, as noted in the Ministry letter, to $10.4 million (the full amount of funds considered potentially at risk) in the 2010 Regional Budget year

As a result of the issues outlined above, between the letter from the Regional Ministry of Children and Youth Services office indicating what appears to be a $2.1 million impact in 2010, coupled with the Ministry indicating that it cannot, at this time, confirm budget allocations after March 2010, concern regarding funding continues to exist. This situation is impacting the ability of the department to plan, with confidence, for service levels in the coming year.

As a result of the differences between what the letter states and the potential for further impacts to funding considered to be at risk in 2010, the Department has to consider a range of possible service impact and reduction scenarios.

The Department has developed a transition plan that allows a flexible, phased approach to managing funding reductions and mitigating service impacts

As part of Best Start funding, Consolidated Municipal Service Managers across the province received allocations of what was termed “unconditional grant” dollars. These dollars were provided with the understanding that they could be used without specific condition, according to program and system need. Given that concerns existed in regard to the potential reduction or ending of Best Start for some time, York and other Consolidated Municipal Service Managers across the Province chose to retain an amount of these funds as part of a mitigation approach, to be utilized should funding be reduced or fully end. This planned approach was previously outlined to Council on September 21, 2006 in Clause No. 3 of Report No. 6 of the Community Services and Housing Committee.

As a result, department staff would be able to utilize these funds to assist in the short term with budget impacts and phase down services, where required, and as needed, when the actual provincial Best Start funding amounts are clarified. These funds would be limited, however and would not sustain service.

While specific service impact numbers and timelines cannot be finalized until the actual budget impacts are clarified, scenarios have been closely looked at and the approach would enable child care and early intervention services spaces to be reduced over a period of time, where required, as opposed to abruptly ending service. Wage subsidy levels, and other supports to the system would likewise have to be reviewed and adjusted with providers notified of impacts in as timely a manner as possible to allow them to make necessary business decisions and changes.

5. FINANCIAL IMPLICATIONS

The 2010 budget request will be based on the highest level of service that staff estimate will be funded in order to provide necessary authority to deliver programs at that level. Actual expenditures will be managed utilizing the mitigation funds available, approved tax levy, and provincial subsidy allotted. The Ministry has indicated a $2.9 million ongoing annual funding reduction. The 2010 Community and Health Services budget includes a $2.5 million request in order to maintain ongoing service levels for special needs children under Early Intervention Services, and fee subsidy.

6. LOCAL MUNICIPAL IMPACT

Child Care Fee Assistance, Early Intervention Services and Wage Subsidy Funding are provided to support early learning and child care services throughout York Region. Residents and child care agencies in all municipalities in York Region have therefore benefited from the increased service level provision as a result of funding under Best Start, and will have an interest in changes that will emerge in the planning and provision of services as a result of Dr. Charles Pascal's report.

Child Care plays a key role in promoting healthy childhood development and helping children arrive at school ready to achieve success. It is also an essential support for many parents, helping them to balance the demands of career and family while participating in the workforce, or pursuing education or training. All of which are important to overall economic performance now and in the future.

7. CONCLUSION

The Province has recently received a report from Dr. Charles Pascal outlining a vision for the future of Early Learning and Child Care in Ontario. Dr. Pascal's report which outlines an important leadership role for Consolidated Municipal Service Managers will, if fully adopted and implemented, initiate an extensive re-engineering of service planning and delivery of a range of services for children 0-12 years old. The Province has already begun to act upon Dr. Pascal's recommendations with a projected five year implementation of full day Junior Kindergarten/Senior Kindergarten for four and five years olds to begin in the fall of 2010.

At the same time this future vision is being considered for phase-in by the Province, concerns continue to exist in regard to the level of Best Start funding that will be available to support existing early learning and child care services in the coming year.

While additional funding to support early learning and child care under the Best Start program has not kept pace with the significant increases in the child population in York Region over the past number of years, this important provincial initiative has, never-the-less, provided the opportunity to enhance service in meaningful and responsive ways.

With current waitlists in York Region of over 3,500 for child care fee assistance and over 150 for early intervention services, any reduction of funding will significantly impact service provision to families who want to ensure the best possible future for their children, while enabling themselves to contribute productively in the workforce. As a result, it is important that the Provincial and Federal governments continue to enhance funding support for these vitally important services.

For more information on this report, please contact David Rennie, General Manager of Social Services at Ext. 2013.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause is attached to this report).

COUNCIL ATTACHMENT 1

Enhance Federal Funding to Support Early Learning and Child Care Programs

WHEREAS in 2005 the Federal Government entered into Bilateral Agreements with several Provinces to provide federal funding support for the expansion of quality and affordable early learning and child care programs in Canada, including those managed by municipalities where they have a responsibility in the funding and delivery of child care;

WHEREAS in 2007 the Federal Government terminated these agreements resulting in financial pressures on both Provinces and municipalities to sustain child care spaces and subsidies as well as supports to children with special needs;

WHEREAS municipalities in Ontario are now facing a potential loss of almost 9,000 child care spaces as a result of a $63.5 million funding gap created by the termination of the Bilateral Agreements, which will increase pressures on child care wait lists;

WHEREAS current funding under the Canadian Social Transfer allocated to early learning and child care, while welcome and critical, has still left a funding gap that is impacting on the capacity of child care programs to meet the need for quality and affordable child care and supports to children with special needs in many communities;

WHEREAS direct assistance to parents through the Federal Universal Child Care Benefit is an important income supplement, it does not provide the funding needed to develop the services parents require to support healthy child development while they engage in work, education or training;

WHEREAS early learning and child care supports healthy communities, child development, and parents' ability to work and attend school or training - all which contribute to vibrant communities and cities;

WHEREAS Canada has rated low among international comparisons for spending on early learning and child care;

BE IT RESOLVED that the Federation of Canadian Municipalities urge the Federal Government to:

(i) reinstate Federal funding for early learning and child care programs along the lines of the 2005 Bilateral Agreement; or

(ii) initiate new dedicated and sustainable funding measures and common standards to support affordable quality early learning and child care programs in Canada, in partnership with the Provinces and where appropriate, the municipalities.