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UPDATE ON BEST START CHILD CARE FUNDING

The Community Services and Housing Committee recommends:

1. **Adoption of the recommendations contained in the following report dated May 28, 2009, from the Commissioner of Community and Health Services;**

2. **This report be circulated to the Federation of Canadian Municipalities; and**

3. **The report back from the Commissioner of Community and Health Services include a draft resolution for submission to the Federation of Canadian Municipalities.**

1. RECOMMENDATIONS

It is recommended that:

1. The Regional Chair write to the Minister of Children and Youth Services for the Province of Ontario requesting the continuation of funding in 2010 for early learning and child care under what has been known as the Best Start program at levels at least equal to the amounts planned in 2009, noting that funding reductions will result in reduced service levels.

2. The Regional Chair write to the Minister of Human Resources and Skills Development for Canada requesting additional federal funding to sustain early learning and child care funding, including the Best Start program in Ontario, noting that failure to sustain funding levels will result in reduced service levels.

3. The Commissioner of Community and Health Services report back to Council with an update on funding information and a strategy to manage a transition to decreased funding.

4. The Regional Clerk circulate this report to the Association of Municipalities of Ontario and the Ontario Municipal Social Services Association.

2. PURPOSE

This report informs Council of impacts that could be associated with a reduction of funding for child and family programs and services should 100% provincial funds under the Best Start initiative be reduced, as is currently projected, in June 2010.

3. BACKGROUND

Best Start is a Child Care initiative that supports a range of programs and services

In 2005, Ontario received $271.9 million in federal funding under the five-year National Child Care Plan through the Canada-Ontario Bi-lateral Agreement. At the same time, Ontario introduced the Best Start Initiative and utilized this federal funding to expand the number of licensed child care spaces through capital funding, to increase access to fee subsidies and early intervention and other special needs related services, and to improve wages for early childhood educators through wage subsidies. York Region received $17.7 million in Best Start Funding in 2005.

In 2006, the new federal government provided notice to the Province of Ontario of the termination of the five-year Early Learning and Child Care Bi-lateral Agreement by March 31, 2007. Ontario received a one-time payment of $254 million for 2006-2007, the final year of the agreement.

Ontario decided to apply the final payment of $254 million over the remaining four years of the plan ($63.5 million per year), to March 31, 2010. York Region's annual funding was therefore reduced from $17.7 million in 2005 to $8.1 million in 2006 and increased to $14 million by 2009 through incremental enhancements to the provincial Best Start funding.

Concern exists about the impacts to service provision if current levels of funding are reduced in 2010

The federal funding cancellation announced in 2006 resulted in a significant reduction in operating funding for the province to make available to municipalities across Ontario, including York Region. The remaining funding, split over four years, did however allow for the Best Start initiative to continue with the hope that funding would be restored and stabilized beyond 2009. At this point, despite a welcomed recent provincial announcement that the Best Start initiative will be bridged to the end of the school year in June 2010, through a province-wide $18 million investment, there are indications that the overall funding will not be continued at current levels.

A loss of funding will result in the potential for increased wait lists for fee subsidies, impacts to services for children with special needs, and other losses which could significantly affect supports to children and families in York Region and across Ontario. This is evident in the fact that 100% funding associated with Best Start now constitutes approximately 33% of provincial funding for children’s services administered by the Region, and approximately 25% of the gross budget for these services.

4. ANALYSIS AND OPTIONS

As service system manager, York Region administers a $54 million Child Care program that includes the Best Start Initiative

The 2009 Child Care budget is $53.1 million including $42 million in provincial funding. This funding supports child care fee subsidy, early intervention as well as other special needs related services, wage subsidy, and pay equity payments to enhance the salaries of early childhood educators, and includes program administration. The funding associated with the Best Start Initiative currently constitutes approximately $14 million, or 33% of provincial funding received and approximately 25% of the total Child Care budget. Table 1 details program funding.

Table 1
2009 Child Care Program Funding ($ million’s)

Program	Best Start Funding	Other Provincial Funding	Tax Levy	Total Funding
Fee Assistance	$6.6	$13.9	$3.6	$24.1
EIS	$2.5	$4.0	$2.4	$8.9
Wage Subsidy	$3.8	$8.9	$2.0	$14.7
Program Administration	$1.1	$1.2	$3.3	$5.6
Total	**$14.0**	**$28.0**	**$11.3**	**$53.3**

Best Start funding has provided the opportunity to enhance existing child care services in York Region and provide children with a strong start in life

Beginning in 2005, with the introduction of the Best Start Initiative, the Community and Health Services Department has increased programs and services to families and children in York Region.

Utilizing 2009 service data, Table 2 provides a summary of both total service levels and those service levels enhanced through the Best Start Initiative (based on average monthly and annual levels as appropriate based on type of service) that could be at risk in the future should funding be reduced.

Table 2
Service Levels Supported by Best Start Funding*

Service Description	Overall Service Levels	Service Levels Supported by Best Start Funding	Percentage Supported by Best Start
Fee Assistance	3,229 spaces/ month (avg.)	739 spaces/ month (avg.)	22%
Early Intervention Services	1,500 spaces/ month (avg.)	525 spaces/ month (avg.)	35%
Wage Subsidy	$14.7 million annually	$3.8 million annually	25.8%

***** Utilizes 2009 service level data to illustrate potential impacts

The impact to fee assisted child care spaces, access to services for children with special needs requiring early intervention, and dollars available to support external agency staff who deliver these valued services is potentially significant. The actual extent of any impacts would be related to amounts and directions associated with any funding reductions.

In addition, as a result of the Best Start funding, York Region was also able to address a prior cost share issue and replace $2.5 million in tax levy funds with 100% provincial Best Start funds for child care administration and Early Intervention Services.

Provincial associations and consolidated municipal service managers continue to call for an extension for the funding

While Best Start funds that include those provided through the federal final one-time payment of $254 million allocated by the province over four years ($63.5 million per year) and the recently announced $18 million are expected to fully end in June of 2010, significant communication to the province urging the extension of the initiative continues. Both the Association of Municipalities of Ontario (AMO) and the Ontario Municipal Social Services Association (OMSSA) have called on the province to continue to provide Best Start funding at levels at least equal to the amounts flowed in 2009. In its discussion paper “Hand in Hand” released in March 2009, OMSSA states that *“Best Start has represented the most positive provincial vision for children’s services to date, with the largest expansion in child care funding in more than a decade…by continuing the Best Start program, the province will continue to make high-quality early learning and child care accessible to children, enabling parents to enter the workforce with confidence.”* Many Consolidated Municipal Services Managers (CMSM’s) have also called upon the province to continue the funding at current levels while recognizing the impact on funding associated with the federal termination of the bi-lateral agreement.

Federal government also being urged to address need for funding

While discussions have taken place with the province, there also are calls to the federal government to enhance funding for early learning and child care, given that the cancellation of the national child care funding had a significant impact on the operating funding for early learning and child care available to the province. The recently released report of The Standing Senate Committee on Social Affairs, Science and Technology titled *"Early Childhood Education and Care: Next Steps"* notes that Canada was rated last among 14 countries on spending for early learning and child care programs and noted the critical role of early child development in addressing issues related to health, poverty and other broad societal issues.

Despite calls to continue funding at current levels, there is no long-term commitment to date

To date, despite advocacy efforts across the province, there has been no indication that the Best Start funding will be provided at current levels on an ongoing basis. The federal budget of January 2009 did not include funding announcements. Likewise, the provincial budget of March 2009 did not provide additional information on Best Start or other early learning and child care initiatives. Ontario did call however, on the federal government to reconsider its decision to terminate the Canada-Ontario Bilateral Agreement, and further requested the federal government to initiate new funding measures to support child care. Ontario has also recently announced $18 million (noted earlier in this report) in provincial funding (province-wide) for CMSM's, to be made available on April 1, 2010, to provide bridge funding to support CMSM's in supporting their child care systems at current levels through the end of the 2009-10 school year. The province has also recently indicated that other provincial funding will continue.

Staff are developing a plan to manage potential funding reductions and to mitigate the service impact

As a result of the Best Start Initiative, York Region has been able to increase service provision to children and families beyond what would have been possible with the child care funding otherwise available.

Any reduction to Best Start funding will result in reduced service levels. Staff are developing a plan to manage the transition to reduced service funding, and to mitigate its impact on families and children. This Plan will be submitted to Committee and Council for their consideration, and will outline ways to minimize the impact to families as a result of any future transition to reduced service levels.

The Transition Plan will consider:

- The impact of any future provincial funding and child care initiatives, including potential Junior Kindergarten and Senior Kindergarten (JK/SK) programs (information is expected soon from the province on full day JK/SK outlining potential strategies and funding implications going forward).
- Program expenditure reductions as required.
- Administrative and service efficiencies.

5. FINANCIAL IMPLICATIONS

Any reduction to funding under the Best Start Initiative provincially could result in reduced funding of up to approximately $14 million (based on funding that has been associated with the initiative) to children's services programs and to program administration in York Region.

A Transition Plan is currently being prepared to address these funding issues and will take into account expenditure reductions, while outlining ways to minimize the impacts to families that would result from decreased service levels.

It is important to note, however, that efforts continue to take place regarding funding at the provincial and federal level and staff will continue to monitor this activity closely. In addition, Community and Health Services will be working with staff from the Central East Region Ministry of Children and Youth Services office in the months ahead to further clarify funding levels available in 2010 including York Region's share of the recently announced $18 million.

6. LOCAL MUNICIPAL IMPACT

Child Care Fee Assistance, Early Intervention Services and Wage Subsidy Funding are provided in all local municipalities. Therefore, residents and child care agencies in all municipalities in York Region have benefited from the increased service as a result of funding under Best Start.

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 economic performance aimed at economic recovery in these challenging times.

7. CONCLUSION

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 nevertheless, provided the opportunity to enhance service in meaningful and responsive ways.

Any reduction of funding will impact service provision to families who want to ensure the best possible future for their children, including those with special needs, while accessing care that enables them to continue to contribute productively in the workforce.

With current wait lists in York Region of 176 for early intervention services and 3,170 for child care fee assistance, these impacts would be felt by children and families across the Region.

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.