2
"BEST START" – PHASE I
IMPLEMENTATION OF CHILD CARE SERVICE EXPANSION

The Community Services and Housing Committee recommends adoption of the recommendations contained in the following report, September 9, 2005, from the Commissioner of Community Services and Housing:

1. RECOMMENDATIONS

It is recommended that:

1. Council approve *Attachment 1*, the Child Care Service Plan (2005-2008), including the child care components funded under Best Start, and *Attachment 2*, the preliminary Best Start Child Care Transition Plan (to March 2006), to create additional child care spaces.

2. Council approve increased expenditures of up to $6.9 million in 2005, offset by 100% provincial subsidy of $6.9 million with no increase to net expenditures.

3. The 2006 Budget incorporate additional expenditures related to Best Start of up to $21.6 million and 100% provincial subsidy of $24.1 million, resulting in tax levy savings of $2.5 million.

4. Council approve an increase to the permanent staff complement, effective October 1, 2005, of eight full-time positions in Early Intervention Services, eight full-time positions in Child Care Program Delivery and three full-time positions to support infrastructure and administration. The cost for these 19 positions to be 100% funded from provincial dollars.

5. The Region enter into service agreements with licensed child care operators and community agencies in respect to the above funding and the Commissioner of Community Services and Housing, or designate, be authorized to sign these agreements on the Region's behalf, subject to the prior review of the Regional Solicitor.

2. PURPOSE

As part of its broader Best Start Initiative, the Province has allocated an additional $67.1 million over three years to York Region as Phase I funding to expand child care services. This money does not require the usual 20% municipal share.

As the Consolidated Municipal Service Manager (CMSM) for child care, it is the Region's responsibility to accept the dollars, develop a plan for expanded services, allocate the funds to service providers for the expanded services and perform due diligence activities relating to the services and the expenditures.

This report seeks Council's approval to implement Phase I of the child care component of the Province's Best Start Initiative through approval of the attached York Region Child Care Service Plan (2005-2008) and the preliminary Best Start Transition Plan (to March 31, 2006).

The deadline set by the Province for approval of these plans is October 2005. However, as soon as Regional Council approves these plans, the Region can start spending the new dollars.

The $67.1 million provincial funding over three years allows the Region to add approximately 1,500 new child care subsidies for children from birth to five years of age and allows the creation of approximately 1,480 additional child care spaces by March 2008. It will also go toward improving wages for Early Childhood Practitioners (formally called Child Care Workers) who have been among the lowest paid professionals in this service sector.

To implement the child care components of the Best Start Initiative and the $67.1 million dollars available to the York Region community, this report seeks Council's approval for a number of actions including:

- Approval of the following child care plans for submission to the Province.
- Child Care Service Plan 2005-2008 (*Attachment 1*)
- Preliminary Best Start Child Care Transition Plan (to March 2006) (*Attachment 2*)
- Hiring additional staff, now, in order to meet our increased service targets will ensure that all of the allocation is used to the benefit of our residents and unspent dollars will not be returned to the Province.

3. BACKGROUND

In November 2004, the Ministry of Children and Youth announced its Ontario's Best Start Initiative. Best Start is a comprehensive, evidence-based early learning and care strategy designed to help provide Ontario's children with the best possible start in life and help them to achieve success in school. The initiative which will be phased in over the next 10 years is comprised of a number of components including the expansion of the licensed child care system, which is the subject of this report.

Phase I of Best Start (2005-2008) will focus on increasing the number of child care spaces and available subsidies for children in Junior Kindergarten (JK) and Senior Kindergarten (SK) as well as supporting moderate growth in the overall child care system for children birth to four years of age (not JK or SK).

To be eligible for the $67.1 million, two plans have to be approved by Council and submitted to the Province by October 2005. Those plans are:
1. Child Care Service Plan 2005-2008.
2. Best Start Child Care Transition Plan (to March 2006).

Best Start Networks, responsible for planning and implementing Best Start in their communities over the next 10 years, are to be established by the end of September 2005. The Best Start Network Terms of Reference and two additional plans to be submitted to the Province in December 2005 will be the subject of future reports to Council.

3.1 Funding – What York Region will Receive

The Province has allocated $67.1 million to York Region in new funds over a three year period from October 2005 through March 2008 to expand the number of licensed child care spaces, increase the number of available subsidies, increase the number of children with special needs receiving services and improve wages for Early Childhood Practitioners.

The Province is waiving the municipal cost sharing on this new child care funding beginning in 2005 and through to March 2008 (This coincides with what we understand to be the duration of the current federal/provincial agreements).

The provincial allocation is based on a funding model that recognizes child population under six years, low income population, education, geographic dispersion, language barriers and growth. This approach appears to take into account a number of pressures York Region now faces and is favourable to York Region.

Table 1 outlines the Allocation of Best Start Child Care Funding.

Table 1
York Region Best Start Child Care Funding (000's)

Description	**2005 Oct-Dec**	**2006**	**2007**	**2008 Jan-Mar**	**Total**
Direct Program Funding	$4,213	$13,541	$17,155	$4,683	$39,592
Infrastructure (Capital)	$2,075	$8,725	$8,951	$2,684	$22,435
Child Care Program Administration & Planning	$580	$1,781	$2,127	$575	$5,063
Total	**$6,868**	**$24,047**	**$28,233**	**$7,942**	**$67,090**

4. ANALYSIS AND OPTIONS

It is vital that we be able to move quickly in order to take full advantage of this additional funding. In order to do this, additional human resources are needed immediately, as there is a period of time required to get service levels increased to eventually meet and sustain targets.

If any of the 100% provincial funding is not used within the Province's fiscal year it will be lost to both the Region and the community.

4.1 Staffing Impact

There are two areas where additional staffing is required in order to operationalize the Best Start Child Care expansion. The first area is in the direct program service delivery component which deals directly with the children and their families. The second area includes over site of the infrastructure component and administration and performance of due diligence activities to ensure we meet all provincial, regional and legislative requirements.

4.1.1 Direct Program Funding

Best Start Direct Program Funding includes child care fee assistance, delivery of services to children with special needs and wage subsidy funding to enhance the salaries of Early Childhood Practitioners working in licensed child care programs.
In order to meet targets for Best Start Direct Programs now and through 2006, we need 16 additional staff dispersed among these program areas.

4.1.2 Infrastructure, Administration and Due Diligence

The Best Start Plan contains a component to plan and develop new child care spaces. As well, Best Start brings an increase in direct services, staffing, contract management and administration. An addition of three staff will support the infrastructure initiative, provide supervision to staff, manage contract administration and support the Region's accountability for ensuring compliance with service agreements including quality operating criteria and the proper disbursement of funds.

4.2 Relationship to Vision 2026

The Best Start Phase 1 Implementation of child care service expansion supports Vision 2026 by:

- Responding to children in need.
- Enabling access to services that aid in early child development.
- Anticipating and responding to the human service needs of a growing and changing population.
- Fostering effective working relationships with community partners.
- Working with federal and provincial government partners.

5. FINANCIAL IMPLICATIONS

The Province has approved an increase to York Region in base funding of $67.1 million over a three year period with no impact to tax levy. The increase in funding is intended to expand the number of licensed child care spaces, increase availability of child care subsidies, improve wages for Early Childhood Practitioners, and increase the number of children with special needs receiving services. Our funding allocation contains sufficient dollars to address reasonable increases to corporate service expenditures required to support this Department.

There is a financial consideration when the initiative ends in 2008. It is not known whether at that time, 100% funding will continue, or will be subject to its usual cost sharing.

The 2006 Budget will incorporate additional expenditures related to Best Start of up to $21.6 million and 100% provincial subsidy of $24.1 million, resulting in tax levy savings of $2.5 million.

5.1 Funding Impact

The Province did not increase its level of funding for children's services to York Region between 1990 and 2004. In order to address our increasing wait lists, York Region has provided top up 100% Regional funding of approximately $3.3 million over and above the normal cost share formula for Early Intervention Services and Child Care Program Administration in 2005.

The new Best Start funding will provide the opportunity to replace $2.5 million, 100% Regional tax levy with provincial subsidy. This will result in the restoration of 'normal' cost-sharing for Early Intervention Services for the first time in more than five years.

6. LOCAL MUNICIPAL IMPACT

According to York Region's Economic Strategy, a skilled workforce is one of the key drivers to retain the Region's competitiveness, attract investment and ensure future economic development. Access to quality child care is essential to allow parents to participate in the workforce and support York Region's economic prosperity.

In reality, quality child care is a strong economic development tool and a vital employment support. Local municipalities and local businesses benefit from a stable, expanded, quality child care system.

Additionally, it has been evidenced in studies and research papers that child care plays a key role in promoting healthy child 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.

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 will benefit from the increased quantity and quality of service.

7. CONCLUSION

The Regional Municipality of York is currently maximizing funding for child care fee assistance, early intervention services and wage subsidy. The fact that provincial child care funding has not kept pace with the 13% rise in the child population since 1996 has resulted in growing wait lists for services. In 2004, there were wait lists of 1,396 for child care fee assistance, 102 for Early Intervention Services and a shortfall of $6.6 million in wage subsidy funding to child care operators.

The Best Start Initiative provides York Region with a significant opportunity to address long standing wait list and service issues in child care and, at the same time, offers 100% funding for a minimum of three years.

The Senior Management Group has reviewed this report.

The attachments referred to in the foregoing will be circulated at the September 22, 2005 Regional Council meeting.