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ADDITIONAL FUNDING TO SUPPORT CHILD CARE FEE SUBSIDIES, MINOR CAPITAL AND SYSTEM TRANSFORMATION

The Community and Health Services Committee recommends the adoption of the recommendation contained in the following report dated August 21, 2012, from the Commissioner of Community and Health Services.

1. RECOMMENDATION

It is recommended that:

1. Council authorize additional gross expenditures of up to $1,900,052 in 2012 for child care fee subsidies, transition minor capital initiative and child care system transformation. This will be offset by 100% provincial funding from the Ministry of Education with no tax levy impact.

2. PURPOSE

This report requests that Council endorse an annual $1,900,052 increase in 100% provincial funding for child care fee subsidies, transition minor capital and child care system transformation. This funding is part of the transition and modernization of child care mandated by the Province of Ontario.

3. BACKGROUND

In 2009, the Province of Ontario announced implementation of full day kindergarten and integrated the child care system under the Ministry of Education

In June 2009, Dr. Charles Pascal released the report *With Our Best Future in Mind*, dealing with broad changes to the Early Learning and Child Care System in Ontario. In October 2009, the Province announced the implementation of full day learning for four- and five-year olds between September 2010 and September 2014. One year later, the Ministry of Education assumed policy management and contract management/funding for all provincial child care responsibilities. This brought both the education system and the child care system under the same provincial ministry. Municipalities now work with the Ministry of Education, and with child care operators who operate inside and outside of the schools.

Changes to the Early Learning and Child Care System results in the need for funding to support, stabilize and transform the existing child care system

In April 2012, the Province announced the provision of funding to support the transition of child care to the Ministry of Education and to stabilize the impact on operators during the implementation of full day kindergarten. Transition minor capital funding is directed towards child care programs that have been destabilized by the implementation of full day kindergarten and to support the reconfiguration of licensed child care programs to serve younger age groups.

York Region received an increase of $1,900,052 of 100% provincial funding for child care fee subsidies and transition minor capital (effective April 1, 2012)

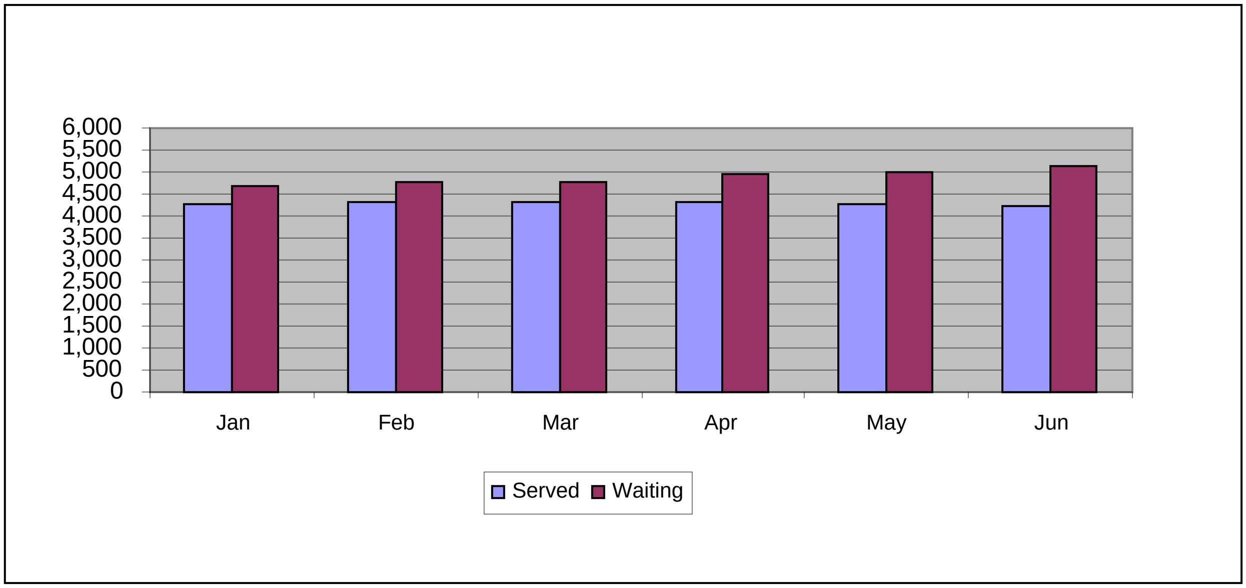
York Region received $1.28 million of 100% provincial funding effective January 1, 2012 to support fee subsidies and transition minor capital. Also, on July 11, 2012, York Region received a further increase of $1,900,052 of 100% provincial funding, retroactive to April 1, 2012, to support fee subsidies, transition minor capital and capacity funding to support the transformation of the existing child care system.

4. ANALYSIS AND OPTIONS

Additional funding supports increased access to licensed child care for eligible families on the waitlist

In June 2012, York Region had a waitlist of 5,121 families with an average of 4,245 children being served. Figure 1 shows the waitlist and service provision trend for January to June 2012. Approximately $1.4 million dollars of the new provincial funding will provide subsidy for approximately 200 additional children. Approximately $293,000 will support child care operators and assist them in changing their programs to serve children 0 – 3.8 years of age. These changes will increase access to licensed child care for younger children. Approximately $209,000 will be directed towards addressing health and safety deficiencies and ensure licensing compliance with the *Day Nurseries Act*. Funding these priorities will support increased access to quality licensed child care for families across York Region.

Figure 1
Child Care Fee Subsidy: Served vs. Waiting 2012



2012 Comparison	Jan	Feb	Mar	Apr	May	Jun
Served	4,276	4,296	4,320	4,310	4,273	4,245
Waiting	4,672	4,758	4,772	4,946	4,998	5,121

Monthly Number of Families with Children Waitlisted

- Children requiring subsidy is exceeding the number of children receiving subsidy as a result of a rapidly growing child population and inadequate levels of provincial funding.
- Service levels have increased by 1.8% in 2012.

York Region staff are actively supporting operators through the transition so they can make informed decisions

The implementation of this program has resulted in some closures of licensed child care programs; however, these closures were primarily due to issues of ongoing financial viability and low enrolment in programs rather than a direct reaction to the full day kindergarten initiative. Many York Region child care operators continue to provide licensed child care in schools as all York Region Boards of Education have chosen not to provide before and after school programs themselves. Staff work with operators to support and inform them of what the changes mean for them and options for managing as the transition of child care continues.

The Province has requested input into its plans to further modernize child care

The next phase of the modernization of Ontario's child care system is underway. In July 2012 the Ministry of Education released a discussion paper entitled *Modernizing Child Care in Ontario*. This document speaks to the provincial government's ongoing intention to stabilize and significantly transform the current child care system over the next three years into one that is designed to meet the realities of changing demographics, provincial realities and which supports provincial healthy child development objectives.

The discussion paper identifies areas of review including the current provincial funding model, *Day Nurseries Act* legislation, program quality and accountability and access to data. Communities have been asked to respond to the discussion paper generally and to several questions specifically by late September 2012. Social Services staff are leading Region-wide consultations with the school boards, children services stakeholders, staff, parents, and operators to get feed back on the discussion paper. The outcomes of the consultations will be used to prepare recommendations to support York Region's response to *Modernizing Child Care in Ontario*.

Staff will update Community and Health Services Committee in October 2012 as well as update Council as appropriate as modernization continues to roll out.

Link to key Council–approved plans

The recommendation to approve the increase in gross expenditures, offset by 100% provincial funding from the Ministry of Education, supports the Regional Official Plan and Vision 2051 through the provision of human services that strengthen communities and increase access to affordable child care for families to help them reach their social and economic potential. This funding also supports the 2011 – 2015 Strategic Plan and the Multi Year Plan goal of enhancing fee subsidy levels to mitigate the growth of the waitlist and support low income families to work or study and contribute to Regional economic vitality.

5. FINANCIAL IMPLICATIONS

Additional 100% provincial subsidy means no tax levy impact, the opportunity to increase service levels and leverage 2012 Multi Year Plan dollars to support families on the waitlist with access to fee subsidy

Effective April 1, 2012, York Region has received an additional $1,900,052 in child care fee subsidy, transition minor capital and child care system transformation from the Ministry of Education. The additional investment of $1.4 million in child care fee subsidy brings the provincial fee assistance contribution to $25 million which represents 81% of the Region's total gross expenditure (net of parental contribution) in 2012. The increase in fee subsidy funding will be used to increase the availability of child care subsidies to eligible families on the waitlist. The increase in minor capital funding will be used to support operators who have demonstrated a significant impact on their operations due to the implementation of full day kindergarten. The increase in capacity funding to support transformation will be used to support operators who have demonstrated a health and safety deficiency that would impact maintaining compliance with the *Day Nurseries Act* licensing standards.

6. LOCAL MUNICIPAL IMPACT

Child Care fee assistance allows parents access to licensed, 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 independence.

Increased access to licensed spaces for children 0 – 2.5 years has occurred through the reconfiguration of existing licensed programs; however, the growth of the overall licensed spaces in York Region has slowed. The new full day kindergarten program does however play a critical role in promoting healthy child development so children throughout the Region are able to achieve their greatest potential and, in time, contribute to their community and the vitality of York Region.

7. CONCLUSION

As part of its strategy to modernize child care and implement full day kindergarten, in July 2012 the Province announced additional funding which it will offset by 100%.

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 independence exists to serve the needs in the community. The additional fee subsidy funding and minor capital funding will increase access to a broader range of programs and increase the affordability of child care for families. The additional funding to support the child care system transformation will also assist operators in providing services that are of high quality and provide healthy, safe environments for children. This will in turn allow parents to work and/or receive training to continue to contribute to the communities and economy in York Region.

Over the next three years, significant changes that focus on new funding and program models that support current principles of child development are expected to occur. Community and Health Services will participate in and monitor this next phase and report back on the impact.

For more information on this report, please contact Cordelia Abankwa, General Manager, Social Services at Extension 2150.

The Senior Management Group has reviewed this report.