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INCREASE IN BASE FUNDING FOR EARLY LEARNING AND CHILD CARE

The Community Services and Housing Committee recommends the adoption of the recommendations contained in the following report, October 7, 2004, from the Commissioner of Community Services and Housing:

1. RECOMMENDATIONS

It is recommended that:

1. Council approve increased expenditures of $1.85 million in 2004, offset by Provincial subsidy of $1.43 million, with the Regional cost-share of $0.42 million funded by Departmental and/or Corporate under expenditure.

2. Additional allocations to the gross annual budget of $4.45 million, offset by Provincial subsidy of $3.44 million with a Regional cost-share of $1.01 million be referred for consideration as part of the 2005 Budget Proposal.

3. Council approve the hiring of three temporary full-time employees in Early Intervention Services, cost-shared 80:20 and two temporary full-time employees in Child Care Administration, cost-shared 50:50 effective November 8, 2004, for six months, in order to support the additional funding for Early Learning and Child Care. Staff resources needed to support this additional program funding on an ongoing basis be referred to the 2005 Budget Process.

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

5. Staff be authorized to take all necessary steps to give effect thereto.

2. PURPOSE

The purpose of this report is to inform Council that the Province has approved increased base funding of $1.85 million gross and $0.42 million net to expand and increase child care services in York Region. This funding is annualized in 2005 to $4.45 million gross and $1.01 million net.

This report seeks Council approval to accept and expend an increase to expenditures for Early Learning and Child Care available through increased base funding from the Province.

The report also seeks Council approval to hire five temporary full-time employees to enable York Region to assess, allocate, process and monitor the additional funding and achieve increased service level targets which we are required to do by December 31, 2004.

3. BACKGROUND

The Federal government recently announced an additional $900 million for Early Learning and Child Care to be allocated to the Province over five years.

The Provincial government in Ontario has directed these funds to Consolidated Municipal Service Managers (CMSMs) to expand and increase child care services for children under six years of age. Funding is to be used to increase access to fee subsidies, special needs resourcing and wage subsidies.

In May 2004, Council requested the Province increase child care funding to York Region by $6.9 million, through Federal funding for Early Learning and Child Care, in order to address our growing wait lists. Council's request was for 100% funding as the dollars were originating from the Federal government however, the Provincial announcement requires that CMSM's contribute their usual 20% share for program costs and 50% for administration.

3.1 Increase to Base Funding Approval

As a result of the Federal funds flowing to the Province, the Province has, in turn, increased the base funding approval to York Region by $1.85 million in 2004, comprised of $1.43 million in Provincial subsidy and requiring a Regional cost-share of $0.42 million. In 2005, the increase to the base funding approval will be $4.45 million, comprised of $3.44 million in Provincial subsidy and requiring a Regional cost-share of $1.01 million.

The Province has also established increased service and program targets for York Region to be achieved with this funding as follows:

- Child care fee assistance for a minimum of 236 additional children, age 0 to 5 years of age.
- Early Intervention Services for 60 additional children.
- Additional wage subsidy to all child care operators serving children 0 to 5 years of age who are receiving less than their entitlement under the 1999 Provincial guidelines.

The Province has also approved one-time funding of $1.3 million in 2004 to address health and safety concerns and expansion of licensed child care capacity. These funds are to be disbursed by December 31, 2004 (addressed in a separate report to Committee and Council in October 2004).

4. ANALYSIS AND OPTIONS

Provincial funding has not historically kept pace with the child population growth in York Region. Wait lists for both Child Care Fee Assistance and Early Intervention Services have increased. In addition, only one-third of child care operators receive the total amount of wage subsidy funding for which they are entitled under the 1999 Ministry guidelines.

In 2004, the Province has approved an increase in base funding to York Region of $1.85 million. For 2005, the increase in base funding is $4.45 million.

This funding must be spent in the following areas.

- Early Intervention Services
- Child Care Fee Assistance
- Wage Subsidy
- Health and Safety

The analysis below demonstrates the impact of frozen Provincial funding on children's services, how the Community Services and Housing Department has managed its programs within these constraints, and how the Department will apply the increased funding, if approved by Council.

4.1 Early Intervention Services for Special Needs Children

Early Intervention Services are directly delivered by York Region Early Intervention staff. The amount of service we deliver is directly linked to the number of staff employed. The addition of staff means an increase in the available service hours.

In the face of a growing wait list, the only way we could increase the number of children serviced within available resources was by decreasing the average service time available per child.

The following table indicates changes in caseload, service levels and wait list since 1999.

Table 1
Changes in Caseload, Service Levels and Wait List, 1999 to 2004

	1999	2002	2004
Monthly wait list average	46	87	91
Average number of children served per month (caseload)	658	727	906
Average hours of service per child	72.6	62.5	41.9

Between 1999 and 2004, the increase in both service levels and caseload has resulted in a reduction of 42.3% in the number of service hours available per special needs child.

The addition of three Early Intervention staff to the current staff complement will:

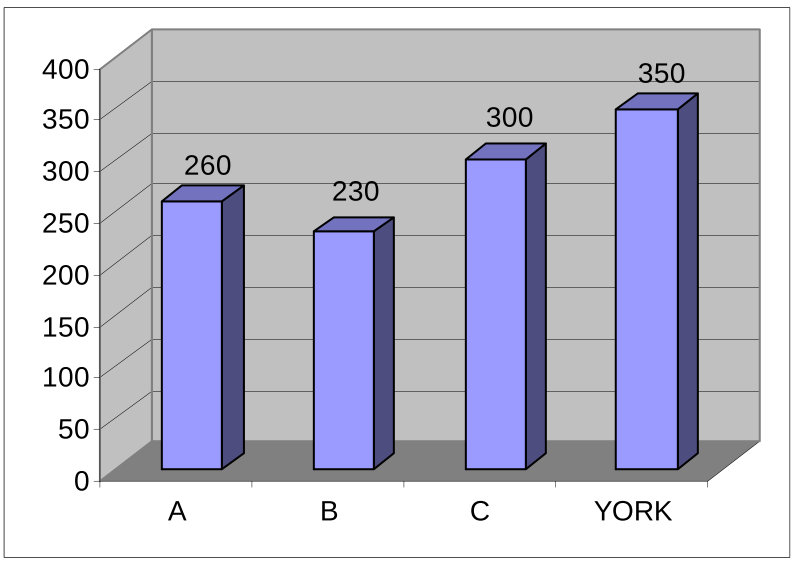
- Meet the new Provincial requirements by serving 60 more children in 2004.
- Enable Early Intervention Services to maintain the current caseload per staff without requiring further reduction service hours per child.

4.2 Child Care Fee Assistance

Between 1999 and 2003, the number of children of eligible families for whom child care fee subsidy is provided increased from a monthly average of 1,969 to 2,710, an increase of 37.6%. This has resulted in an average caseload per staff which is among the highest in the Province.

The table below shows our caseload per staff and compares it with three of our standard comparators.

Table 2
Child Care Fee Assistance Caseloads - GTA



Between 1999 and 2003, the Community Services and Housing Department put into effect every efficiency to manage increasing service levels and various new funding allocations from the Province, including Ontario Works and LEAP Child Care, within existing available resources. These efficiencies included the implementation of an automated data base, a streamlined service delivery model and efficient business practices.

The addition of one temporary full-time employee to the current staff complement, to determine eligibility for child care fee assistance, will ensure that York Region meets the Provincial target of 236 more subsidized spaces by December 31, 2004 and that caseloads do not increase, putting increased workload pressure on staff. It will also ensure that the determination of eligibility of residents for fee assistance occurs in a timely manner and that the subsidy calculations are correct.

The following are some of the functions for which these staff are responsible:

- Conducting initial and ongoing eligibility reviews on each case.
- Calculating the parental contribution to the cost of care.
- Determining eligible hours for child care.
- Processing terminations.
- Determining the correct approved rate.
- Liaising with child care operators.
- Identifying possible fraud.
- Handling issue calls from parents and child care operator.

4.3 Wage Subsidy

Over a number of years, the Province introduced several funding initiatives in response to low levels of compensation in the child care field and to address issues of affordability and stability in the service sector. The combination of these is now referred to as wage subsidy.

The Province capped wage subsidy funding to child care operators in 1993, when there were only 6,161 licensed child care spaces in York Region. Between 1993 and 2004, the number of licensed child care spaces grew to 20,215, an increase of 228% (14,054). In York Region this has resulted in approximately two-thirds of child care operators not receiving the level of wage subsidy funding to which they are entitled under the 1999 Provincial guideline. The actual shortfall in Provincial wage subsidy funding is $7.0 million.

The 2004 increase in wage subsidy funding will enable York Region to partially address the shortfall in wage subsidy funding to child care operators licensed to serve children 0-5 years of age who are receiving less than their entitlement under 1999 Ministry guidelines. In order to flow these funds, 69 new contracts and 62 contract amendments will need to be executed by year-end 2004, in addition to what staff are doing already.

4.4 Administrative Workload

All of the work related to the increase in funding is new for 2004 and will continue on an annual basis. One additional administrative staff is required to get these funds out to the community through the execution of 256 new service agreements and 224 amendments to current service agreements by year-end 2004 and ongoing.

The addition of one full-time employee to the current staff complement will:

- Address the increased workload involved in administering 256 new service agreements and 224 amendments in 2004 and ongoing.
- Support the Region’s accountability for ensuring compliance with service agreements including quality operating criteria and the proper disbursement of funds.
- Support the Provincial requirement for completion of program surveys and quarterly reporting of service data.

4.5 Vision 2026

These services support the following action areas of Vision 2026:

- 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.
- Providing cost effective service.

5. FINANCIAL IMPLICATIONS

The Province has approved an increase in base funding to York Region in 2004 of $1.85 million, offset by Provincial subsidy of $1.43 million and requiring a Regional cost-share of $0.42 million. In 2004, the Regional cost-share will be funded by Departmental and/or Corporate underexpenditure.

The Provincial approval is annualized to $4.45 million in 2005, offset by Provincial subsidy of $3.44 million and requiring a Regional cost-share of $1.01 million. The Regional cost share will be included for consideration in the 2005 Budget Proposal.

In order to flow these funds to the community and to increase service levels, five full-time employees have been requested on a temporary basis, commencing November 8, 2004 for a period of six months. The 2005 Budget Proposal will include a request to add positions to the permanent staff complement.

The following table shows the recommended allocation of service delivery costs, including Corporate Allocated Administration.

Table 3
Service Delivery Costs – Staff Requirements

	2004		2005	
	Gross	**Net***	**Gross**	**Net**
5 Full-Time Employees	$51,861	$16,444	$305,067	$ 96,729
One-time Costs	41,184	13,299	0	0
Corporate Allocated Administration	5,186	1,644	30,507	9,673
Total	**$98,231**	**$31,387**	**$335,574**	**$106,402**

Table 4 outlines the Program Costs for 2004 and 2005.

Table 4
Program Costs ($ M's)

	2004		2005	
	Gross	**Net***	**Gross**	**Net**
Program Costs for E.I.S., Fee Assistance and Wage Subsidy	$1.85	$0.42	$4.45	$1.01

* Net costs will be offset in 2004 by Departmental and/or Corporate under expenditures.

On June 10, 2004, Regional Council approved (Clauses 4 and 5 of Report No. 6 of the Commissioner of Community Services and Housing) that in the event of increased Federal or Provincial funding, funds from reserves be applied as the Regional share of costs in 2004. York Region's annualized share would be included in the proposed 2005 Budget for Committee and Council's consideration.

Our investment of $420,860 in 2004 can result in an additional $1,430,840 in Provincial subsidy in 2004 for a total community investment of $1,851,700.

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 will benefit from the increased quantity and quality of service. However, while the increase in child care fee assistance funding for 236 subsidized spaces will enable York Region to address the need for some of the children 0-5 years of age currently on our wait list, the need for child care fee assistance will continue to grow.

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 are wait lists of 1,396 for child care fee assistance, 91 for early intervention services as well as a shortfall of $7.0 million in wage subsidy funding to child care operators.

The increase in funding will enable York Region to provide child care fee assistance to an additional 236 children 0-5 years of age, to increase by 60, the number of special needs children served by Early Intervention Services and to provide wage subsidy funding to an increased number of child care operators. In order to flow these funds to the community and to increase service levels in 2004, additional human resources are required.

The Senior Management Group has reviewed this report.