



TORONTO STAFF REPORT

May 15, 2003

To: Community Services Committee

From: Commissioner of Community & Neighbourhood Services

Subject: Impact of the Implementation of the Ontario Early Years Centres on the Childcare System in Toronto

Purpose:

This report outlines the implementation of the Ontario Early Years Centres (OEYC), and summarizes the financial and service implications for the City and its childcare system.

Financial Implications and Impact Statement:

The implementation of the 22 OEYC within Toronto reduces the provincial subsidy flowing through the City to family resource centres but does not increase the net cost to the City. The implementation of the OEYC has no impact on the 2003 net operating budget for Children's Services or the City's net request for childcare in 2004.

The Treasurer and Chief Financial Officer has reviewed this report and concurs with the financial impact statement it contains.

Recommendations:

It is recommended that this report be received for information.

Background:

On December 4, 5, and 6, 2001, City Council adopted a report describing Ontario's intention to establish an Early Years Centre in each of the province's 103 ridings. That report indicated that these OEYC would be developed in two phases with 41 opening by April 2001 and the remaining centres being completed by the spring of 2003. The 22 OEYC being developed for Toronto ridings will be open and operational by June 21, 2003. This report identifies the lead agencies approved by the Minister of Community, Family and Children's Services to be OEYC and outlines how early years service will be managed in each Toronto riding.

According to the provincial announcement, OEYCs are “a resource for parents with young children 0-6 providing expert advice on parenting, information on developmental milestones and organized programs and activities for parents and children. They will also provide information on and connection to other early years services in their communities including childcare, health services and recreation programs.” They are funded 100% by the Province using funds received from the federal government under the Early Childhood Development Initiative (ECDI).

On June 18, 19, and 20, 2002, City Council directed staff to participate on the Steering Committee of the Ministry's OEYC planning process and to urge Dr. Susan Bradley, the Ministry's appointed Early Years Centre Champion, to respect Toronto's Childcare Service Plan. Council also confirmed its desire to protect existing family resource centres from closure, to protect the services they provide and to protect the existing level of City funding for family support services.

On July 30, 31, and August 1, 2002, City Council adopted a “made-in-Toronto” proposal for OEYC implementation based on a per capita strategy of financing family support services to achieve equity of service access across City wards. A copy of this plan is shown in Appendix I. City staff serving on the Steering Committee of the OEYC planning process shared Council's recommendations with provincial officials and local community representatives participating in the planning discussions but were unsuccessful in altering the Ministry's one OEYC per provincial riding approach.

This report identifies the 22 organizations approved by the Minister of Community, Family and Children's Services to be the OEYCs within the Toronto ridings and outlines the financial and service impacts of these decisions for funded childcare family resource programs. Appendix 2 provides a list of the approved OEYC by provincial riding and City ward.

The policy implications of the OEYC initiative for childcare are also explored in this report. Finally, the implications of the OEYC on the City's role as service system manager for childcare are discussed.

Issues and Implications of Ontario Early Years Centres for the City

1) Policy

As has already been identified in previous reports to Council on the subject (October 2, 3, and 4, 2001; December 4, 5, and 6, 2001; June 18, 19, and 20, 2002 and July 30, 31 and August 1, 2002), the City has a number of concerns with the design of the OEYC initiative. From a policy perspective, the OEYC initiative did not include childcare as a critical and necessary component of an early child development and care plan. Although the City has substantial unmet childcare needs, licensed child care was explicitly excluded from the OEYC planning and is not funded as part of this new provincial initiative.

The second design problem with the OEYC initiative is that there is a strong similarity between what the Ministry considers core OEYC services and the services historically delivered by funded childcare family resource programs. To avoid the loss of existing funded family resource

centres and the valuable support services they were already delivering to families across the City, City staff advocated strongly during the OEYC planning process that they be designated as “unique satellites” and be allowed to retain their independent identity, governance structure and their cost shared funding for current services provided.

Under the OEYC Guidelines, all current family resource centres receiving cost shared funding from the Province (80 per cent) and the City (20 per cent) had to be sorted into one of the following four categories. A family resource centre could be named lead agency and become the OEYC for a particular riding. Or, a family resource centre could be named an OEYC satellite. In this case, it would relinquish its historic identity and governance structure and would have its funding and management assimilated into the OEYC. A third option was for a family resource centre to be designated a unique satellite and continue to deliver core early years services in a unique way or to a unique community of interest. As a unique satellite, the organization retains its identity as a child care family resource centre, retains its existing governance structure and retains its existing cost shared funding while becoming part of the riding’s early years plan. Unique satellites may also be linked with an OEYC through a purchase of service agreement and, thereby, receive additional funding from the OEYC to expand or enhance the early years service they deliver. A final option for a funded childcare family resource centre is to lose its provincial funding but not be assimilated by the OEYC or become part of the riding’s early years plan. In this situation, the lost provincial funding is reassigned to the OEYC in that riding.

At the beginning of the OEYC planning process, there were a total of 34 cost shared agencies providing family resource programs. By the end of the OEYC planning process, 11 of these organizations had been designated as lead agencies and have become OEYC in specific ridings. Of the 11, six will continue to have a contractual relationship with the City as they also provide unique family resource service in ridings/wards other than the riding for which they have the OEYC designation. Five organizations will have their contractual arrangement with the City terminated. The remaining 23 cost shared agencies providing family resource programs have been designated as unique satellites and will continue in their service contracts with the City. These have retained their historic identity, governance structure and cost shared funding .

The third design flaw in the OEYC Initiative is the provincial insistence on a “one size fits all” approach that mandates one OEYC for every provincial riding without regard for riding population size, or current level of family support services being provided. By contrast, the City’s “Made-in-Toronto” approach that recommended allocating the \$11 million in new funding on a per capita basis would have improved equity of service access and achieved an allocation per child that would have been higher than any of the originally funded family resource centre allocations. Appendix I demonstrates the impact of the provincial OEYC funding on family support services and the failure of their funding approach to address equity.

2) Financial Issues

On March 10, 2003, the Community and Neighbourhood Services Department received a letter from provincial officials providing the required notice that effective July 1, 2003, there would be revisions to their funding arrangements with the City with respect to some childcare family resource programs. The 23 agencies providing family resource programs that were designated as

unique satellites will continue to be funded 80:20 by the Province and the City. The 11 agencies that have become OEYC will directly receive the provincial 80 per cent portion of their program funding that is currently flowed through the City of Toronto. They will use this 80 per cent provincial funding and the \$500.0 thousand in new 100 per cent provincial funding to provide early years service directly and through their affiliated satellites as well as through purchase of service sites within the provincial riding they serve. They will not, however, receive the 80 per cent provincial share of the wage subsidy funding currently being provided to childcare family resource centres. By provincial agreement, the City will retain the provincial 80 per cent portion of this wage subsidy amounting in total to approximately \$220.0 thousand and will redistribute it according to the Childcare Service Plan priorities. By Council decision on February 24, 25, 26, 27, 28 and March 3, 2003, approving the 2003 operating budget the family resource centres that have become OEYC will also not retain the City's 20 per cent of their program funding which in total amounts to approximately \$250.0 thousand. These funds will be used to provide family resource centre service in underserved wards as outlined in Toronto's Childcare Service Plan. The City's service agreement with these 11 agencies terminates or has been amended effective July 1, 2003. Only five agencies will no longer have a service contract of any kind with the City.

3) Service Management

The implementation of the OEYC also has implications for the City in its role as service system manager of childcare programs. The City will continue to exercise this service system management role for childcare; family resource centres that have been designated as unique satellites remain part of that childcare service system as their contractual funding arrangements have not changed. However, the Province will assume responsibility as the service system manager for the 22 new OEYCs.

Creating parallel authorities and accountabilities for two very similar service systems providing support to young children and families is not an ideal situation. In the short term, City and provincial officials have developed strategies to minimize overlap, duplication and contradictory direction to the service community. In the longer term, however, and in the interests of a more integrated system of services for young children, further local service realignment will be necessary. This is a matter that will be addressed in the next three-year Service Plan for Childcare, which will be undertaken by the City early in 2004.

Conclusions:

While the City is disappointed with several aspects of the design and implementation of the OEYC Initiative, the \$11 million in new provincial funding for early years service is welcome within the Toronto community. There is also a measure of satisfaction that the 22 OEYC are being implemented without significantly disrupting the valuable family support service historically provided through existing family resource centres within this community. As a result of a decision taken by Council during the 2003 budget process, the implementation of OEYC will free up approximately \$250.0 thousand in City program funding. Approximately \$220.0 thousand in provincial wage subsidy funding will also be made available to the City to be redistributed according to the City's Childcare Service Plan. The troubling reality that the OEYC Initiative resulted in no new provincial funding for licensed childcare and created a duplication

of the City's service management role are both issues that the City will address in its next three-year Childcare Service Plan. In the interim, City Officials are working closely with Provincial Officials to ensure a smooth transition of funding arrangement for the 22 OEYC which will begin serving their respective ridings by June 21, 2003.

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List of Attachments:

Appendix 1 – Impact of Provincial OEYC Funding
Appendix 2 – List of Ontario Early Years Centres in Toronto