

## Recent Developments in Child Care and in Provincial Implementation of Early Learning

<b>Date:</b>	Wednesday, June 15, 2011
<b>To:</b>	Community Development and Recreation Committee
<b>From:</b>	General Manager, Children's Services
<b>Wards:</b>	All
<b>Reference Number:</b>	

### **SUMMARY**

---

This report responds to the May 27, 2011 direction from the Community Development and Recreation Committee requesting that Children's Services provide an update on recent developments and recommendations related to child care and the Provincial Government's Early Learning Program.

In October 2009, the Province of Ontario announced plan's to provide full day early learning kindergarten (FDELK) to all 4 and 5 year olds within five years, with a board-operated before and after school program to be provided on a cost recovery basis. FDELK is to be available to all 4 and 5 years old by September 2014. The Province has provided a number of policy directives and funding decisions to support implementation of FDELK. When FDELK reaches 49% of elementary schools in Toronto in September 2012, it is anticipated that the impact on child care will be material and will include an increase in fees to families with younger children whose care is more costly to provide. In addition, Children's Services continues to experience base funding pressures that, if not addressed, could result in a reduction of 2,700 subsidized spaces in 2013. Given these challenges, Children's Services is assessing a number of new funding models with the assistance of an external expert in the field of child care funding. These models are presented in this report for information.

This report also provides information on the development of the Child and Family Outcomes Framework that will be applied on a city-wide basis to promote consistent measuring of impacts on children and families of public programs and services. The

framework will be an important tool in ensuring that children and families have access to the mix of services that best meets their needs.

## **RECOMMENDATIONS**

---

The General Manager, Children's Services recommends that:

1. Council receive the report, "Early Childhood Education and Care in Toronto: Funding the Future" (attached as Appendix A); and
2. Children's Services report to Council prior to the conclusion of the 2012 Operating Budget deliberations with a detailed analysis of the impact of Full Day Early Learning Kindergarten (FDELK) on the child care system and with the strategies necessary to sustain and support a high quality early learning and care system for families in Toronto.

## **FINANCIAL IMPACT**

To date, the Province has provided the City with \$0.332 million in capital funding to assist operators in reconfiguring to meet the needs of younger age groups. In addition, the City has received a combined total of \$1.9 million in additional subsidy resources to stabilize the child care system. The Province has also provided \$0.759 million in new fee subsidies for 4 and 5 year olds enrolled in FDELK extended day. The additional funding has reduced reliance on the Child Care Expansion Reserve Fund (CCER) and consequently extended the fund's life into early 2013.

Children's Services continues to work with provincial staff and other municipalities on a number of implementation issues, including those related to funding and funding models, and will report to Council as the implementation of FDELK progresses.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **EQUITY IMPACT**

Equity has been a guiding principle in all four Children's Services service plans, including the most recently approved "Toronto's 2010-2014 Child Care Service Plan." The principles of the service plan include service access based on age and geographic equity in the allocation of subsidies, and recognition that child care services provide developmentally appropriate, beneficial care for children, including those with special needs. Toronto supports an integrated approach to early learning and care that provides increased access to learning opportunities that are essential for optimal human development and that respond to and support the whole family. The City's role in subsidy management ensures equitable access to fee subsidies, allowing parents to participate more fully in the workforce. In the re-balancing of the child care system following the implementation of the early learning program, Toronto Children's Services will ensure

service access based on equity. A publicly funded early learning program, supported by a strong child care sector, has obvious benefits on child outcomes while supporting families in the workforce or pursuing educational opportunities.

## **DECISION HISTORY**

Council at its meeting of January 26 and 27, 2010, approved a staff report on the Implementation of the Province's Early Learning Program and Toronto's Child Care Funding Risks and Pressures.

[http://www.toronto.ca/children/report/councilreport\\_27jan2010.htm](http://www.toronto.ca/children/report/councilreport_27jan2010.htm)

Council at its meeting May 11 and 12, 2010 unanimously approved the Toronto Child Care Service Plan. The plan supports the development of child and family centres as part of an integrated system of services and directs Children's Services to investigate alternative funding models to sustain child care in Toronto.

[http://www.toronto.ca/children/service\\_plan.htm](http://www.toronto.ca/children/service_plan.htm)

[http://www.toronto.ca/children/report/councilreport\\_12may2010.htm](http://www.toronto.ca/children/report/councilreport_12may2010.htm)

Council at its meeting of July 6, 7 and 8, 2010 adopted a status report on implementing early learning and base funding pressures and requested that the General Manager, Children's Services, report to Council on actions outlined in recommendations contained within the report. The report addresses, among other things, the need to explore more flexible funding models for child care.

[http://www.toronto.ca/children/report/councilreport\\_8july2010.htm](http://www.toronto.ca/children/report/councilreport_8july2010.htm)

At its meeting on February 7 and 8, 2011, Council referred item CD1.6 from Committee Chair Councillor Mammoliti to the Mayor's Office. The item recommended creation of a Mayor's Child Care Development Task Force.

In a number of the above documents, Council supported the full vision for early learning and care as outlined in the Provincial Report *"With Our Best Future in Mind; Implementing early learning in Ontario"*. This vision articulates a strong municipal service planning and management role during and following the transition to a new early learning system. Council directed City staff to establish a strong working relationship with the Ministry of Education (MEDU), with a view to developing Toronto-specific solutions to implementing early learning and addressing the City's historical funding pressures.

## **ISSUE BACKGROUND**

### **Review of the Provincial Early Learning Program**

In 2009, the Provincial government accepted a commissioned report, *"With Our Best Future in Mind; Implementing Early Learning in Ontario"*. The report called for a transformation of the early learning system in Ontario. Services for children and their families (prenatal to 4 years) would be designed and organized in a way that better supports families. Through

the development of Child and Family Centres, with licensed child care as the foundation, family support, prenatal, early intervention and identification services would be consolidated into a network of services in the community, thereby providing families with easier and more local access to services and linkages to community resources.

The report also suggested that implementation of full day kindergarten and creation of child and family centres occur simultaneously in order to realize and reinvest savings from implementation of full day kindergarten into the child care system which would focus on servicing younger children. The Municipal Service Managers were identified as having expertise and authority to guide the planning and development of the new early learning system.

Financial savings from children enrolling in a publicly-funded, board-operated FDELK and cost recovery extended day program result from no longer having to provide fee subsidies for a full day of care to 4 and 5 year olds. Subsidies would only be required for part of the day and would be 100% provincially funded. Savings would remain within the Children's Services budget to support younger children in child care.

In the Pascal report, FDELK is described as a program that would be delivered by an early childhood team consisting of a teacher and registered early childhood educator. The school boards were to offer and operate a cost recovery extended day program before and after school in locations where there was sufficient demand. This combination of FDELK and extended day programs reduces transitions, providing children with a more cohesive and seamless day.

In order to facilitate such a significant transformation, the legislative authority for child care was transferred from the Ministry of Children and Youth Services to the Ministry of Education effective January 1, 2011.

In January 2010 Council endorsed the full vision presented as outlined in the report: *"With Our Best Future in Mind; Implementing Early Learning in Ontario"*. In response to this endorsement, Children's Services embarked on a number of key initiatives under direction of the Children's Integrated Management Committee, chaired by the Deputy City Manager and including the General Managers of Children's Services and Parks, Forestry and Recreation, and the Medical Officer of Health.

To date, initiatives undertaken by the Integrated Management Committee include:

1. Development of the Child and Family Outcomes Framework to promote consistent measuring of impacts on children and families of public programs and services.
2. Development of sites of practice to test and refine the delivery of an integrated continuum of services for children and families.
3. Development of a cross-divisional integrated planning network to support a comprehensive system of services for children and families.

4. Initial review of more flexible funding models to address the increased cost of child care resulting from 4 and 5 year olds leaving the child care system.

At full implementation of FDELK, the child care system will focus on providing care for younger age groups who are more costly to serve. As a result, the current funding model must be reviewed and refined to ensure sustainability and affordability.

In addition to facilitating the transition to an integrated system of services for children and families, the preliminary review of funding models also assists Children's Services in developing strategies to address base funding pressures which result largely from provincial contributions to child care not being indexed to inflation. To date, Children's Services has relied on withdrawals from the CCER Fund to address these pressures and maintain service levels of 24,000 child care subsidies. Exploration of more flexible funding models is key to avoiding service level reductions of 2,700 subsidized spaces in 2013 when the reserve fund is expected to be depleted.

The report addresses the Child and Family Outcomes Framework and provides an overview of funding models to be considered as part of the transition to an integrated system of early learning and care.

## **COMMENTS**

### **Status of FDELK**

Implementation of FDELK is a priority of the Province of Ontario. Children's Services continues to keep the community informed of developments in implementing FDELK as they relate to child care. The division has also established working groups with the four school boards and is participating on four Provincial reference or advisory tables, in addition to the Ministry of Education/Toronto Children's Services Staff Table.

Implementation of FDELK started in September 2010 and is to continue over a 5 year period, adding schools and classes incrementally until full implementation in September 2014. School boards were provided with suggested criteria for identifying schools and classroom space, one of which was not to displace child care providers who are currently operating in schools where FDELK is delivered.

The Implementation Schedule can be summarized as follows:

- Phase 1 (2010-11), 15% of the projected enrolment for kindergarten,
- Phase 2 (2011-12), 5% of the projected enrolment for kindergarten,
- Phase 3 (2012-13), 29% cumulative projected enrolment for kindergarten,
- Phase 4 (2013-14), 25 % of the projected enrolment for kindergarten,
- Phase 5 (2014-15), 26% of the projected enrolment for kindergarten

Phase 3 will see 49% of all children having access to FDELK. This is a critical and significant turning point for child care as 49% of all children in licensed care who are kindergarten age will have access to full day early learning. With the movement of 4 and

5 year olds from child care to full day kindergarten, the child care system, without the necessary resources and supports, risks becoming increasingly less stable. In addition, the cost of accessing child care for families not eligible for fee subsidy will become increasingly costly.

On June 1, 2011 the Ministry of Education announced the Phase 4 and 5 schools that will offer FDELK. School boards are now assessing the capital needs for these phases. Children's Services is working with the Boards and Ministry of Education to encourage inclusion of child care requirements in school expansions and in new school construction.

While implementation started in September 2010, the Catholic and Public boards did not provide any extended day programs in full day kindergarten schools in 2010-11. The French boards have a long history of providing full day kindergarten with wrap around care provided by child care operators. For **September 2011**, the Catholic School board will not offer any extended day options for families. The Toronto District School Board is investigating "third party" operators in four of its schools.

The original Provincial policy stipulated that school boards were to survey parents on the need for extended day programs in schools offering FDELK. If there were twenty or more interested parents, then the school was mandated to operate an extended day program for instructional days only.

In December 2010, the government amended the regulations governing extended day programs, giving Boards more flexibility in providing extended day programs to families. The proposed regulatory amendments obligate school boards to provide a before and after school program for 4 and 5 year olds where there is sufficient demand on instructional days. School boards may now operate a program directly or enter into a "third party" agreement with a licensed, non-profit child care operator. Schools are required to survey parents on the need for before and after school programming for instructional days and to ask if parents require care for the full year, including summer and statutory holidays.

Third-party operators providing before and after school programs are required to:

- Meet requirements under relevant legislation (e.g. the *Day Nurseries Act*);
- Be eligible to enter a fee subsidy agreement with the City of Toronto;
- Be located on site;
- Deliver program content consistent with the Ministry's *Extended Day Program*; and
- Operate programs on instructional days.

### **Child Care Funding and Transition to Early Learning and Care**

Children's Services has two service contracts with the Province of Ontario: one with the Ministry of Children and Youth Services (MCYS) for planning and family support programs; and the other with MEDU for the administration and funding of the early learning and care service system. The service contracts sets out the legislative requirements as well as service and funding levels.

The Provincial Government announced in 2009 a funding commitment of \$82M for the Province in new money over 5 years to support the stabilization of child care and the creation of new fee subsidies for 4 and 5 year olds enrolled in the extended day program. Children's Services has received two allocations for the implementation of Phases 1 and 2 of FDELK. While allocations to date are insufficient, the slow roll out of the extended day program has delayed any impact on the child care system. This delay has provided Children's Services with more time to work with the Province, school boards, other municipalities and the community to develop a strategic approach to sustaining service levels and affordability in the child care system.

To date, the Province has provided the City with \$0.332 million in capital funding to assist operators in reconfiguring to younger age groups. In addition, the City has received a total of \$1.9 million in new fee subsidies for the child care system and \$0.759 million in new fee subsidies for 4 and 5 year olds enrolled in FDELK extended day. Should there be no demand for the extended day programs, the Province has provided municipalities with the authority to allocate these subsidies to other age groupings. As a result of limited or no extended day programs in Toronto, Children's Services has been able to apply the new fee subsidies to the overall funding of 24,000 subsidies. This has reduced reliance on the CCER Fund and consequently extended its life into early 2013.

Children's Services continues to work with provincial staff and other municipalities on a number of implementation issues, including those related to funding and funding models. As per the Council-approved Child Care Service Plan 2010-2014 and Council's direction of January and July 2010, Children's Services is exploring more stable, sustainable and flexible funding models. Current funding practices are less effective in a new early learning and care system for reasons of affordability. In order to make quality child care a viable option for all families, operators apply the costs of providing care to a range of children across all age groups. Moving an older age group out of the system increases the cost of care to the remaining children.

Children's Services sought the assistance of an expert in child care funding to provide some recommendations for development of a new funding model that could strengthen and support the system. Martha Friendly, Executive Director of the Childcare Resource and Research Unit (CCRU), Canada's foremost early childhood and childcare policy institute, had accumulated a large body of literature on international and national funding models. In August of 2010, Children's Services requested a review of the literature, applying a Toronto lens. In the resulting report "*Early Childhood Education and care in Toronto: Funding the Future*", Martha provided recommendations to both the Province and to Children's Services. A summary of the report is attached as Appendix A. The full report can be accessed at [www.toronto.ca/children](http://www.toronto.ca/children).

The report reviews funding models nationally and internationally and identifies three common approaches to funding early learning and care. These models address two key financing considerations: how parents pay for service and the public funding of services. The three models can be summarized as: fund the parent, fund the program and fund the system.

Fund the parent models - entails providing public funding to specific parents based on selection criteria or, in some cases, universally. Services rely primarily on parent fees or fee subsidies. Fund the parent models are primarily market driven. By way of example, the current fee subsidy system falls within the fund the parent model whereby a publicly funded fee subsidy is attached to a specific family.

Fund the program models - while the development of services is primarily market driven, public funding is provided directly to service providers to pay for service delivery. Public funding offsets parent fees and help to maintain affordability. Parents may still contribute to the operating costs of the service through fees, with increased access as the costs to parents are lower. An Ontario funding example of this model would be the contribution to staff wages through the provincially-legislated wage subsidy program.

Fund the system models - access to services is universal and at no or low cost to parents as public funding supports the cost of delivering most or all of the program. Services are publicly managed through planning and policy-setting. Sweden's early learning and care is funded through a systems model. Another example of funding the system model is kindergarten in Ontario's educational system.

The report, *"Early Childhood Education and Care in Toronto: Funding the Future"* provides recommendations to both the Province and the City regarding alternative funding modes. While Children's Services has not endorsed the recommendations, it recognizes that the models outlined in the report could be helpful to the anticipated Mayor's Taskforce on Child Care Development as well as to Children's Services staff as they work with Provincial staff and colleagues in other municipalities to explore more effective funding models. While it is recognized that a "made in Toronto or Ontario" approach is required, these recommendations are intended to inform work currently being done to address system changes.

### **Child and Family Centres**

In anticipation of transforming the current child care system into a network of comprehensive child and family centres that evaluate services from the perspective of the service user, Children's Services has developed a Child and Family Outcome Framework, attached to this report as Appendix B and available at [www.toronto.ca/children](http://www.toronto.ca/children).

Historically, the evaluation of public services has focused on process-related outputs such as how many people received a service. Recently, there has been a shift in evaluation styles from measuring *outputs* to measuring *impacts* – also known as 'outcomes'. This shift is related to funders' increased interest in tracking their return on investment.

Clearly defined outcomes can provide evidence for sound decision-making by measuring the impact of programs and services on those that they are intended to benefit. They also make it possible to track progress through evaluation with measurable targets. This type



of evidence is critical to community planning and to ensuring that programs and services are achieving what is intended.

The framework will ensure that services and the way in which they are delivered achieve the best outcomes for children and families and that resources are invested in an effective and transparent manner. The Child and Family Outcomes Framework is anchored in Council's Vision for Children:

*"Regardless of socio-economic status of his/her family and community, every child has the right to childhood experiences, which promote the chances of developing into a healthy, well-adjusted and productive adult."*

The Framework incorporates a common set of values and principles that are shared by all divisions whose work influences children and families. It includes universal outcomes for children and families, communities and services. These outcomes build on a long history of outcome development at the City, including Toronto's Report Card on Children.

To determine which outcomes would be included in the framework, a comprehensive literature review was conducted. In addition, the best available research and evidence from international and City of Toronto sources on subjects such as child and family health and well-being, child development, early learning and care, was reviewed. The framework reflects feedback from a broad range of discussions and consultations at both the municipal and provincial level. It includes a holistic view of factors that influence the wellbeing of children and the diverse perspectives of a broad range of service providers.

The outcomes identified as a result of the above research include: Economic Security, Healthy Development, Positive Parenting, Healthy Families, Safety, Life Long Learning, Supported Families, Cultural Development, Healthy Communities, Social Inclusion, Accountability, Community and Family Engagement, Equity and Accessibility, Integration and Quality.

The Children's Integrated Management Committee has endorsed the Outcomes Framework and established sites of practice that will test the delivery of an integrated continuum of services for children and families. Using the values, principles, and universal outcomes developed in the Framework as a guide, these sites will form a model strategy for achieving improved child and family, community, and service outcomes.

Cross-divisional adoption of this Framework will enable City Divisions whose work influences children and their families to work towards common aims. Ultimately, it will enable better service provision by making it possible to track progress through evaluation of measurable targets. Other City Divisions that will apply these outcomes include Employment and Social Services; Parks, Forestry and Recreation; Social Development, Finance and Administration; Toronto Public Health and Toronto Public Library. Reporting to the Children's Integrated Management Committee, an interdivisional workgroup will continue to refine the framework and develop indicators to apply to each outcome. In partnership with Social Development, Finance and Administration Division,

the framework will be incorporated into the "Wellbeing Toronto" indices. This integration will provide a more comprehensive view of the factors that influence the wellbeing of children and families across the City.

## **CONTACT**

Karen Gray, Director  
Service System Planning and Policy Development  
Children's Services Division  
Tel: 416-397-1465  
Email: gray@toronto.ca

## **SIGNATURE**

---

Elaine Baxter-Trahair  
General Manager, Children's Services Division

## **ATTACHMENTS**

- Appendix A – Early Childhood Education and Care in Toronto: Funding the Future: Summary Report
- Appendix B – City of Toronto's Child and Family Outcomes Framework: Final Report