

New Provincial Funding for Child Care and Response to Provincial Discussion Paper

Date:	September 7, 2012
To:	Community Development and Recreation Committee
From:	General Manager, Children's Services
Wards:	All
Reference Number:	

SUMMARY

This report responds to City Council request that the General Manager, Children's Services, report to the Community Development and Recreation Committee on details governing the use of new provincial funding for child care. Attached to the report is the City's response to the Provincial discussion paper, "Modernizing Child Care in Ontario: Sharing Conversations, Strengthening Partnerships, Working Together", for Council approval.

As reported in June 2012, the Province of Ontario, as part of its 2012/13 budget, announced new resources for child care in Ontario totalling \$90 million in 2012/13, \$68 million in 2013/14 and \$84 million in 2014/15. These resources are one time in nature and will flow through municipalities in their capacity as service system managers. In addition, the Province announced an additional \$113 million in capital funding to support child care centres located in schools. This funding will flow through boards of education. Allocations to individual Boards are not yet know.

In July 2012, the City was informed that its first allocation from these new resources could total \$5.661 million for 2012. Funds are intended to assist child care operators in addressing the impacts of full-day kindergarten (FDK) by, among other things, transitioning their services to meet the needs of younger children. The Children's Services Division will deliver the funding to child care operators through a grants program that will respect provincial guidelines and the investment strategy reported to Council in July 2012. As per provincial guidelines, funds are not intended to expand the current system but rather to stabilize existing programs.

On June 27, 2012, the Minister of Education released a discussion paper titled "Modernizing Child Care in Ontario: Sharing Conversations, Strengthening Partnerships, Working Together". The paper provides child care stakeholders and partners with an opportunity to provide feedback on actions required to ensure the stability, availability and viability of a high-quality, early learning and care system for children before and after they enter the school system.

Children's Services has developed a response to the discussion paper that was informed by a broad community consultation process involving service providers, parents and other stakeholders. The response is attached for Council's consideration.

RECOMMENDATIONS

The General Manager, Children's Services, recommends that:

1. City Council approve an in-year adjustment of \$4.239 million gross and \$0 net to the 2012 Recommended Operating Budget for Children's Services to reflect the receipt of one-time funding from the Province to support the stabilization of the child care system and to assist child care operators address the impacts of full-day kindergarten;
2. City Council endorse the City's response to the provincial discussion paper "Modernizing Child Care in Ontario: Sharing Conversations, Strengthening Partnerships, Working Together", attached to this report as Appendix A; and
3. Council request that the Mayor forward the Appendix A to the Premier of Ontario and the Minister of Education as the City's official response to the Ministry of Education discussion paper.

FINANCIAL IMPACT

The Province of Ontario has announced additional one-time funding to assist child care operators as they transition their programs to address the impacts of FDK. The City's allocation of the 2012 funding is \$5.661 million, with \$4.239 million earmarked for operational grants to assist child care operators with the transition process, and \$1.422 million to assist operators with reconfiguring existing rooms to address the needs of younger children.

Approval of this report will authorize an increase in the 2012 Approved Operating Budget for Children's Services of \$4.239 million gross and \$0 net. The \$1.422 million capital transition funding represents a partial contribution of the provincial share of the \$5.000 million Health and Safety program already included in the 2012 Approved Operating Budget for the division.

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

DECISION HISTORY

Community Development and Recreation Committee at its meeting of April 24, 2012 requested that the General Manager, Children's Services, report to the June 26, 2012 meeting of the Community Development and Recreation Committee on the proposed use of any new funds arising out of the Ontario budget, such report to address options that will increase child care access and affordability for Toronto families.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.CD12.2>

City Council at its meeting in July 2012 approved report CD14.5 which included, among other things, a detailed analysis of the impact of FDK on child care in each ward of the City, a transition plan for each ward to mitigate these impacts and a strategy for investing new provincial funds intended to stabilize child care during and following FDK implementation. Council also requested that the General Manager, Children's Services, report to the September 19, 2012 meeting of the Community Development and Recreation Committee on the details of new funds received from the Province.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.CD14.5>

ISSUE BACKGROUND

The Provincial Government received the report "With Our Best Future in Mind: Implementing Early Learning in Ontario" from the Special Advisor on Early Learning in 2009. The report provided a comprehensive action plan for developing a seamless and integrated system to support children from birth to 12 years and their families. The plan included FDK with a corresponding comprehensive child and family service system with child care as the foundation. The Provincial Government identified FDK as a policy priority in 2009 and in early 2012 restated its commitment to implementing FDK across the Province and, where there is an expressed need, to implement a corresponding before- and after-school program for children in FDK which is to be either directly operated by the school board or delivered by a third-party operator as licensed child care.

While the introduction of FDK is a positive development for many families, its implementation has impacts on the child care system. As a result, the existing child care system, which currently delivers licensed early learning and care programs to children from birth to 12 years of age, will no longer provide full-time care for 4- and 5-year-olds. The move of 4- and 5-year-olds to school-based services impacts the revenues of child care centres, parent fees, and access to licensed care. City Council has made a number requests to the Province for the financial, policy, and legislative resources necessary to mitigate these impacts. Specific financial needs include transition, operating and capital funding to support the child care system as it reconfigures to expand services to younger age groups.

In addition to funding needs, emerging policy issues are in need of resolution. A significant issue relates to the provision of lunch for children in FDK who also attend before and after school child care programs. Children enrolled in a full day, education-based program are the responsibility of the boards of education for the duration of the school day. Therefore the supervision costs for children who remain at school for lunch are funded by the province as part of the school boards operating budgets. Children's Services, with the current funding levels, does not have the ability to provide funds for the lunch and supervision for children attending FDK. This has created inconsistencies in the system, whereby, existing policy allows for the provision of lunch for 6 to 12 year olds in similar programs. Considerable concern has been raised by community partners on both the need to correct this inconsistency and on the impact of the policy on families in receipt of fee subsidies that may not have the resources to provide nutritional lunches for FDK children. While Children's Services plans to address this issue on a transitional basis with new Provincial transitional resources, a permanent solution that addresses the nutritional needs of all children must be developed in conjunction with school boards and the Ministry of Education.

On April 20, 2012 in a budget backgrounder titled "Making the Ontario Budget Even Better", the Province announced new assistance for child care operators totalling \$90 million in 2012-13, \$68 million in 2013-14, and \$84 million in 2014-15. In July 2012 the Province confirmed that the City of Toronto's allocation would be \$5.661 million for 2012, to be flowed to the municipality through its existing service contract. It also announced additional capital funding of \$113 million over three years to support child care programs located in schools. These funds will flow through boards of education. School boards are required to jointly plan for the investment of these resources with service system managers. Children's Services is the service system manager in the City of Toronto.

The funding allocated directly to the City will help to address the financial impacts that child care programs face as a result of FDK. The City's investment strategy was reported to Council in July 2012. It reflects the principles of the Council-approved Toronto Child Care Service Plan, which includes providing service access based on age and geographic equity and expanding child care through public and not-for-profit delivery. As a result, areas with the lowest projected service levels, as determined by the Children's Services Division's ward analysis of the impacts of FDK on child care, will be priorities for investment. Funds will be made available to operators in the form of grants.

COMMENTS

Provincial Funding Details

The new funding of \$5.661 million allocated to the City for 2012 is broken into a number of program categories which are summarized in Table 1. An additional funding allocation for the City is anticipated in the first quarter of 2013 as a part of the overall 2012/13 provincial allotment.

The \$1.422 million of transitional minor capital, repairs and maintenance/health and safety funding contributes towards the \$4.0 million provincial portion of the \$5.0 million Health and Safety Program (including City's \$1.0 million portion) included in the 2012 Approved Operating Budget for Children's Services. This Program provides grants to operators to assist with emergency repairs, playground upgrades, accessibility upgrades, and infrastructure retrofits to accommodate younger children.

Table 1

Funding Available	Intended Use/ Eligible programs
Transition Minor Capital \$872,767	Non-profit child care centres One time funding <ul style="list-style-type: none"> To retrofit centres so that they can serve children aged 0-4 where 4- and 5-year olds move to FDK
Repairs & Maintenance/Health & Safety \$548,596	Non-profit and commercial licensed child care and home child care <ul style="list-style-type: none"> To address health and safety requirements related to licensing of the child care program
\$1,421,363	Total One-time Capital Transitional Funding
Capacity Funding to support Transformation \$623,405	Non-profit licensed child care serving 0 - 12 years olds One time funding Business Transformation <ul style="list-style-type: none"> Legal costs (to operators that merge) Lease termination costs related to mergers and/or relocation Moving cost for mergers and/or relocation Business planning advise IT upgrades to facilitate internet connectivity Toys and Equipment
One-time Transition Operating \$3,615,773	Non-profit and commercial licensed childcare and home child care <ul style="list-style-type: none"> fee subsidies wage subsidies special needs resourcing (0 - SK age) administration
\$4,239,178	Total One-time 2012 Operating Funding

Implementing the Children's Services Investment Strategy for the Stabilization of Toronto's Child Care Sector

At its meeting in July 2012, Council approved a report which included, among other things, an investment strategy to stabilize child care should additional provincial resources become available and community child care transition plans for each City Ward of the City. These plans are intended to guide expansion in infant and toddler capacities to replace the expected decrease in preschool capacity as 4- and 5-year olds move to FDK and before-and after-school programs.

The City's 2012 allocation of \$5.6 million will be made available to child care operators through various grants. The following summarizes the grants that will be available to operators through the investment strategy.

<i>Minor Capital</i>	One-time funding to non-profit child care centres located outside of schools to support minor renovations and retrofits in licensed child care programs to serve children ages 0 to 4 as the 4- and 5-year olds move to FDK; and toys and equipment required for the licensing of the new age groups (0 to 4 only). Home Child Care Agencies are also eligible for these funds to support the expansion of infant/toddler care.
<i>Health and Safety</i>	One-time funding to support non-profit and commercial licensed child care and home child care providers to address health and safety concerns related to licensing requirements.
<i>Business Transformation Grant</i>	One-time funding to address business transformation costs related to the impact of FDK. These funds may address the legal costs related to mergers; lease termination costs as a result of mergers; relocation costs to schools or within the community; and cost of bagged lunches for FDK children in before and after school child care programs.
<i>Stabilization Grant</i>	One-time funding to support and stabilize licensed child care operators as children incrementally move to FDK.

Prior to the announcement of new resources, Children's Services had implemented a \$50,000 limit on capital grant requests. The additional funding received from the Province will enable the division to consider requests that exceed \$50,000 where the costs to reconfigure are greater due to licensing requirements associated with providing service to younger children (infants and toddlers). The City's guidelines and application forms to access the new resources will be available on the Children's Services web site www.toronto.ca/children in early October, following Council approval of recommendations contained in this report, with an application deadline of November 1st, 2012. Applications continue to be accepted for existing minor capital and health and safety funding already included in the division's 2012 budget.

As noted in the "Issues" section of this report, significant issues have been raised with respect to the provision and supervision of lunch for children attending FDK, and the need to rationalize the system for both children attending FDK and school aged children. Children's Services plans to address this issue on a transitional basis. Until September 2014 when FDK will be fully implemented, grants will be available to provide bagged lunches to 4- and 5-year-olds in extended day programs.

Addressing the nutritional needs of children attending FDK is an issue that has been raised previously by both Children's Services and the Medical Officer of Health. A long term solution needs to be developed by the Ministry of Education, School Boards, and the City to ensure that the nutritional and developmental needs of children during school hours are addressed. Over the next two years, the City will work with the Province to better address this policy issue and the nutritional requirements of FDK and school age children in before- and after- school programs, with a goal of putting in place a financial structure to support these programs.

Should any transitional resources be remaining following the allocation of grants, they will be used to reduce the waitlist for fee subsidies.

City of Toronto Response to the Provincial paper on Modernization of Child Care.

On June 27, 2012 the Minister of Education released a discussion paper titled "Modernizing Child Care in Ontario: Sharing Conversations, Strengthening Partnerships, Working Together". With FDK being fully implemented in 2014, the paper provides an opportunity for the Province to take a closer look at child care and to work with partners to deliver a high-quality, accessible and coordinated early learning and care system for children before they enter the school system and for school aged children. Children's Services has developed a City of Toronto response to the Discussion Paper, which is attached as Appendix A. The response reflects positions taken by Toronto City Council in recent years and feedback from a rigorous community consultation with:

- Sectoral subcommittees of the Toronto Child and Family Network (representing the Health, Early Identification and Intervention, Early Learning and Care, and Family Support sectors, and Aboriginal and French-language Advisory committees)
- Child care operators
- Children's Services staff
- Parents through an online survey

This response will be submitted to the Province following Council approval.

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SIGNATURE

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ATTACHMENT

Appendix A:

City Response to Provincial Discussion Paper on Modernizing Child Care in Ontario:
Sharing Conversations, Strengthening Partnerships, Working Together