



STAFF REPORT ACTION REQUIRED

Full-Day Kindergarten Implementation Updates 2013

Date:	November 20, 2013
To:	Community Development and Recreation Committee
From:	General Manager, Children's Services
Wards:	All
Reference Number:	

SUMMARY

This report provides a status update on the transition of the early years system prior to the final year of Full-Day Kindergarten (FDK) implementation. Children's Services Division has been reporting on the transition plan over the past four years. This report provides more details on access to quality FDK before- and after- school programs, wage subsidy recalculations, and operators' interest in providing a supervised lunch program as part of FDK before- and after-school programs.

In order to support families through FDK implementation, Children's Services continues to work with school boards, child care operators and their boards of directors, families and other stakeholders to ensure success of the ongoing transition plan. In its capacity as Consolidated Municipal Service Manager, the Division has put in place a variety of grant-based funding initiatives to assist operators with the transition. The report reviews these initiatives and the criteria used in the allocation of resources.

RECOMMENDATIONS

The General Manager, Children's Services recommends that savings resulting from implementation of Full Day Kindergarten (FDK) continue to be reinvested into areas of greatest need and the creation of spaces for younger children in accordance with the Child Care Service Plan principles, including those of age and geographic equity.

Financial Impact

The adoption of recommendations in this report has no financial impact on the City of Toronto. Should additional Provincial funding be received, Children's Services will review its service levels as part of the annual budget process.

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

DECISION HISTORY

In January 2010, City Council provided authority to Children's Services to manage the implementation of FDK through the following two recommendations:

- 1) Given expertise within the City of Toronto as manager of the second largest child care system in Canada, and in the spirit of the Toronto-Ontario Cooperation and Consultation Agreement (T-OCCA) and stated positions and priorities of the Ontario Municipal Social Services Association (OMSSA), City Council authorize staff to support and assist Provincial ministries in development and implementation of the Early Learning Program (ELP).
- 2) City Council direct City staff, in consultation with community partners, to develop criteria for supporting child care programs impacted by the introduction of ELP (now FDK); such criteria to be based on Service Planning principles, program quality and cost effectiveness.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.CD29.1>

At its meeting of July 16, 17, 18 and 19, 2013, City Council adopted a number of requests for reports on issues related to the implementation of Full-Day Kindergarten. Requests were made of the General Manager, Children's Services to:

- identify the "hot spots" in all Ward(s) where implementation of FDK is proving difficult for working families requiring care, and continue to work with schools and child care centres to develop an appropriate neighbourhood multi-year transition plan for ongoing quality before- and after- school care;
- report on the feasibility and impacts of keeping wage subsidy payments available for child care centres that are re-configuring services for younger children until such time as the new funding model is implemented; and
- undertake a survey of the existing and prospective 3rd party operators of Full-Day Kindergarten Before and After School (FDKB&A) programs to determine interest in operating supervised lunch programs as part of the FDKB&A, and report to Community Development and Recreation Committee with estimated costs and any regulatory or policy changes required.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.CD22.3>

ISSUE BACKGROUND

In 2010, Children's Services developed a transition plan to respond to the impact of the provincially-mandated FDK on the child care system in Toronto. The plan identified the anticipated changes that would take place and the resources that would be needed to sustain and transform the system. The transition plan, which addresses requirements at the neighbourhood and ward level, has been in place since FDK implementation began in 2010, with several updates on its progress reported to City Council during this time.

The goal of FDK is to provide four- and five-year-olds with a universal and publicly-funded play-based educational program during the regular school day and a seamless, integrated before- and after-school program that extends learning and provides a seamless day with fewer transitions for those who require it.

School boards are required to provide before- and after-school programs for FDK children at schools where there is interest from families for at least 20 children. In Toronto, FDK before- and after-school programs are primarily run by third-party child care operators.

The transition plan developed by Children's Services focuses on the stabilization of the child care system as it transforms to support younger age groups, with increasing numbers of four and five year olds enrolling in FDK. The five-year implementation period has resulted in the incremental transition of the system as four and five year olds move to FDK in small cohorts each year. This incremental process has created the need for transitional support to ensure that service levels for families are maintained and that operators remain financially viable as they go through this transition.

While FDK is a positive change that increases access to early learning and care opportunities for most age groups, the transition has required new resources and significant local planning efforts to be successful. The plan put in place by Children's Services, and by many other Ontario municipalities, has involved: reinvesting savings associated with four and five year olds moving to FDK into needed services for younger children; establishing a grant program to assist operators with the transition; and working closely with operators, school boards, families and other partners to develop community transition plans to mitigate impacts and maintain service for families. Ward analyses are updated annually and available on the Children's Services website: <http://bit.ly/1gWhiYK>

FDK will be available in all elementary schools in September 2014. To date, 441 of 590 elementary schools in Toronto, or 75 per cent, have undergone the transition to FDK, with 176 or 40 per cent of those having an integrated before- and after-school program (see Appendix A for ward level information). While the implementation of FDK during the regular school day will be complete in September 2014, the child care transition will continue beyond the 2014-15 school year as more before- and after-school programs are established and child care centres continue to reconfigure. In a recent telephone survey of a representative sample of Toronto parents commissioned by Children's Services, 75 per

cent of families agreed that the adoption of full-day kindergarten in Ontario is a good change and indicated a high level of satisfaction with progress to date.

Children's Services is the legislated service system manager for child care in Toronto. In this role, the Provincial government expects the division to make policy decisions that best meet the needs of local communities while complying with the Province's legislative framework. The Province recognizes the service manager's role in developing service plans that coordinate and integrate early learning services. The primary purpose of policies and programs implemented by the division is to ensure the availability of quality care for families.

Within Toronto, planning is done at a system level in consultation with stakeholders. System-level planning is especially important in Toronto given the size, number of stakeholders, and diversity of needs in the city. At the same time, applying a local implementation lens is critical given the limited resources of the current system. Unlike the universal education system, the child care system can accommodate only 20 per cent of Toronto's children. Current subsidy levels of 24, 264 can accommodate only 28 per cent of those children living in poverty. Upwards of 18,000 children remain on the wait list for child care fee subsidy.

As service system manager, the division has played a central role in managing the transition to FDK in Toronto over the past four years. It has done this by working strategically and collaboratively with stakeholders to make the provincial legislative and policy framework work for families and service providers in the City. This planning approach has proactively identified and addressed local access issues with the goal of maintaining a sustainable, high quality system that serves as many families as possible. Children's Services is committed to strong ongoing communication with both families and child care operators during this transition, and recognizes the need to respond to evolving issues by ensuring policies continue to address and support the needs of all families.

An important part of developing a comprehensive early learning and care system is ensuring that the needs of school age children are met. Implementation of FDK before- and after-school programs has provided families with increased access to care for their four and five year olds. Those families accessing a before- and after-school program while in FDK will require continued access when their child enters grade one. The lack of spaces for this age group has been a persistent challenge that has led to the development of a Toronto Middle Childhood Strategy. While this strategy is being implemented, new resources will be needed to better meet the out-of-school time needs of this age group.

COMMENTS

The transition plan is proceeding as expected as the final year of FDK implementation approaches. As anticipated and as previously reported to Council, families with four and five year olds who attend child care are enrolling in the FDK program and accompanying before- and after-school programs offered in the same location (when there is enough demand). When kindergarten-aged children leave a child care centre to attend FDK and the before- and after- school program, vacancies are created in centres. When a full group of children leave the centre, a program room is made available, allowing the operator to reconfigure the room to meet the needs of younger infant and toddler children. Where the vacancies make up less than a full group size and there is no opportunity to reconfigure, Children's Services has made a stabilization grant available to provide financial support. As more FDK before and after school programs are established, children will continue to move to these programs, creating opportunities for operators to reconfigure.

As FDK is a provincial program, the City's transition plan is compatible with the Province's policy and legislative framework for the initiative. Key provincial decisions that have directed local implementation plans include: regulations governing when before- and after-school programs take place; how demand for these programs is determined; and who may operate them. The Province also provides guidelines governing capital reconfigurations for child care centres located in schools.

The Province has provided transitional funds to Children's Services to support the transition to the new system. Children's Services developed a Transitional Funding Strategy based on the principles of the Council-approved Child Care Service Plan 2010-2014.

Policy Positions

Children's Services has made and communicated a number of policy decisions to support the transformation and stabilization of the child care system within the City of Toronto. Policy decisions are intended to ensure the optimal investment of transitional resources and responsiveness to local needs. In making these decisions, the division's focus has been on allocating resources to areas of greatest need and to assist operators in maintaining financial efficiency. To that end, key decisions have included:

- The reinvestment of wage subsidy savings to providing more fee subsidy for younger children;
- Exclusion of the provision of a supervised lunch while children attend FDK to maximize the number of fee subsidies available and in favour of a whole school approach to student nutrition; and
- Allowing for only one child care operator per school in order to improve seamlessness and reduce administrative costs.

Policies governing the provision of lunch and wage subsidies are discussed later in the report.

Children's Services also expects that fee subsidy for four and five year olds be used in FDK before- and after-school programs where these programs are available. By enrolling in FDK, the full time fee of approximately \$45.00 per day for preschool child care is reduced to, on average, \$28.00 per day for the FDK before- and after- school program. For full fee-paying families, these savings are realized by the family. For families in receipt of fee subsidy, the savings are reinvested into fee subsidies. This policy decision reduces the number of transitions that a child must accommodate in a day and ensures continued availability of care for families as community-based operators implement reconfiguration plans. This policy has been refined to allow parents of four and five year olds with siblings more flexibility. Families with siblings in one child care location may choose to remain in this location for before- and after- school care where the service is available.

Given the magnitude and complexity of this transition, continued attention to how policies are communicated and implemented is essential. While supporting the need to ensure that the system is moving toward its goal, it is recognized that working with families on their child care plans and providing them with timely information is imperative. To further improve communication and to support parents in receipt of subsidy, Children's Services communication to parents will include a personalized letter with information on the opportunity to move to FDK before- and after school programs. Where possible, parents will receive at least one month's notice regarding the opportunity to transfer from community-based child care programs to FDK before- and after-school programs. Extended office hours and District Office open houses will be provided to give parents the opportunity to discuss their child care plan. Children will transition to FDK before-and after-school programs at the start of the school year. If a space has not been secured at that time, moves will only take place at a family's request.

To date, the transition plan has resulted in new early learning and care opportunities across the city. These include the creation of badly needed infant and toddler spaces. Since 2009, there are an additional 74 infant spaces and 810 toddler spaces in centres with a service contract with the City. There are 4,900 infants and 2,200 toddlers on the waiting list for fee subsidy. In addition, as preschool spaces have decreased in community child care centres by 3,740 since 2009 (which accounts for the four and five year olds moving to FDK), there are currently 5,171 FDK before- and after-school program spaces, reflecting an increase in service for this age group.

Identification of "Hot Spots"

Children's Services, in its continued analysis of the impact of FDK implementation, has identified areas or "hot spots" that have presented more challenges for families with children of all ages in accessing child care. There are two key traits that define these areas. The first is the ongoing problem of insufficient infant or toddler capacity at the ward level to serve children with fee subsidy. Wards with insufficient capacity are becoming fewer in number as the transition plan proceeds. The second trait is a lack of FDK before- and after-school programs in an area. As a result, families are unable to access care and operators must rely on transition grants to mitigate financial risk as they

escort children to FDK. The presence of these traits indicates areas of focus for strategically investing transitional resources and planning efforts.

As reported early in FDK implementation, without the space created by four and five year olds moving to FDK and the provision of sufficient financial resources, the child care system risks losing significant infant and toddler capacity. This is based on an estimate of the number of operators expected to be at financial risk as children moved to FDK. Originally, Children's Services projected that if no investment had been made, 31 wards would have had insufficient space to accommodate infants with subsidies and 23 wards would have had insufficient space to accommodate toddlers with subsidies. As a result of FDK and the reconfiguration efforts of operators, 30 wards currently have insufficient capacity for infants and 16 have insufficient capacity for toddlers. The growth in infant spaces has been slower due to additional space requirements and increased costs of serving this age group. Wards that still have insufficient capacities will continue to be targeted with transitional resources.

The transition process is at different stages in different areas of the city. Every year, school boards establish the need for before- and after-school programs by surveying parents, but the prevalence of these programs is lower than it should be based on the known need for care across the city. Only 40 per cent of FDK schools have before- and after school programs (265 FDK schools have no corresponding program).

It is clear that the survey method of determining where FDK before- and after-school programs are located is inadequate, as insufficient numbers of surveys are returned in areas with known need for care. Children's Services continues to raise this issue with both the Province and school boards. The division is working in partnership with Toronto school boards in a joint planning initiative to use existing data to determine the need for the program. Once these needs are identified, a joint communication strategy that encourages parents to complete the survey will be launched.

The map in Appendix B shows where there has been little or no creation of FDK before- and after-school programs. In areas without these programs, families need operators to escort to FDK and operators are relying on transitional grants to maintain their financial viability as they continue to escort. Where operators stop escorting in favour of reconfiguration, families risk having no access to required care.

Transitional Funding Programs

Using transitional dollars provided by the Ministry of Education, Children's Services has established a number of grants to mitigate the impacts of FDK on child care operators and to assist operators in reconfiguring their space to meet the needs of younger children. The goals of these grants is maintaining services for families and increasing access to care for younger children. A summary of the grants available is contained in Appendix C.

It is important to note that resources do not exist to expand the child care system. As a result, when an operator increases services for infant and toddlers, a corresponding reduction in spaces for kindergarten-aged children is expected as these children access FDK programs.

Investment takes place in accordance with provincial guidelines and the principles of the Council-approved Toronto Child Care Service Plan, including those of age and geographic equity. Recommendations also consider the results of the Ward Analysis and Child Care Community Plans for each ward.

To date, 104 centres have been approved for funding. This year's application process is ongoing and the number of approved applications is expected to increase.

In addition to these grants, Children's Service staff has been working with operators and their boards, both individually and in groups to provide information and develop community child care plans. Children's Services Consultants have attended over 140 board meetings and 95 child care supervisor network meetings in 2012/13 alone, and have met with all operators that have expressed concern or confusion regarding FDK transition requirements. District Child Care Advisory meetings have provided an opportunity to share information and get input on FDK issues.

Wage Subsidy

During this transition period, wage subsidy payments to operators are being reduced proportionally as group sizes of four and five year olds leave the centre. With children moving to school-based FDK, the staff requirement to provide care for this group changes from full time to part time if children return to the child care centre before and after school. In other cases, operators are electing to discontinue providing services to FDK-aged children. Both of these scenarios result in a recalculation. When programs reconfigure to serve younger age groups, wage subsidy is no longer applied. Operators received their approved costs through the fee subsidy program. Wage subsidy recalculations by year, related to FDK, have occurred as follows:

Year	Wage Subsidy Budget	Wage Subsidy Reduced (\$)	Number of Centres Impacted
2012	\$37,976,295	\$82,984	22
2013	\$36,692,808	\$694,723	39
2014 (expected)	\$35,910,336	\$670,478	65
Total 2012-2014		\$1.448 million	126

Including the wage subsidy recalculations projected for 2014, the funding that is available for reinvestment is \$1.448 million. The funding has supported the system costs related to the increase of infant and toddler spaces. The increase in spaces for younger age groups has increased costs by \$2.1 million in 2013 and a projected increase of \$3.1

million for 2014, for a total increase of \$5.2 million. This reinvestment of savings to support the younger age groups is a key component of transforming the child care system.

For historical reasons, wage subsidy funding is inequitably allocated across the city. Newer centres have not been eligible for wage subsidy, which places many child care operators who do not receive the grant at a disadvantage. The province has not provided additional funding for wage subsidy since 1997 when the program was transferred to the City. The new provincial funding framework does not include wage subsidy but does provide municipalities with the flexibility to provide both base funding and fee subsidies. Children's Services, in consultation with stakeholders, is currently developing a new funding model for child care in the city, based on the new Provincial framework.

Per diems for subsidized children have been increased throughout the transition process to address salary costs. To reverse the wage subsidy recalculation process as we enter the final year of FDK implementation would delay the transition to a stronger system of care for younger children by reducing the resources available to support it.

Supervised Lunch for FDK Children

Children who are attending FDK are in a universal school program governed by its own legislation during the regular school day, including the lunch period. As previously reported, schools provide supervision of the FDK lunch period. Local school boards are responsible for developing policies and procedures in the context of health and safety requirements. In May 2012, Children's Services reported to Community Development and Recreation Committee, supporting the expansion of Student Nutrition Programs previously endorsed by City Council, and recommended an integrated provincial approach to the issue of school nutrition for all children.

City Council requested Children's Services to further explore this issue by distributing a survey to all child care operators that are expected to provide a FDK before- and after-school program for the 2013-2014 school year. The survey asked whether operators would be interested in providing lunch, the number of children they would serve, and the food and supervision costs of the program. The survey was distributed online and was open until September 18, 2013. Of 174 existing third-party operators, 83 (47 per cent), indicated an interest in providing this program. For those operators who expressed an interest, food costs were estimated to average \$4.52 per child per day. Estimated supervision costs per program averaged \$73.33 per day. It is important to note that a number of operators do not have access to physical space within the school to provide a supervised hot lunch.

For the 83 interested programs, total annual food and supervision costs would be approximately \$3.304 million, as shown in the table below:

Category	Cost per day	Units	Instructional days	Annual Total
Food	\$4.52 (per child)	2,421 children*	194	\$2.123 million
Supervision	\$73.33 (per program)	83 programs		\$1.181 million
Total				\$3.304 million
Fee subsidy equivalent at \$10,000 per subsidy				330

* This number is based on the assumption that the 83 interested programs, or 47 per cent of all programs, would serve 47 per cent of all 5,121 children in FDK before- and after- school programs

This cost would rise once FDK is in every school in September 2014 and there are more children in FDK before- and after- programs.

A number of regulatory and policy changes would be required for child care operators to provide a supervised lunch program:

- Full-Day Kindergarten before- and after-school programs and lunch programs should be aligned with the rest of the school day so that children experience a consistent environment and set of rules.
- Currently, lunch supervision policies are set by school boards. Boards in many cases already hire staff for lunch supervision.
- Clarification from the Province that the cost-recovery fee could include costs related to lunch provision and/or supervision, at which point Children's Services budget guidelines for third-party operators would have to be amended.

As noted in previous staff reports on the issue of nutrition in Full-Day Kindergarten, nutrition affects all students, not just the 17% enrolled in child care. A whole school approach to the issue would better ensure that the positive effects of proper nutrition are felt more broadly. As a transitional measure, Children's Services has provided a stabilization grant that would allow child care operators who escort to FDK programs to provide bagged lunches. Eleven operators have accessed this grant since it became available in 2012. (Four more operators have applied for this grant in 2013.)

CONCLUSION

The transition process leading to FDK programs in all schools is nearing completion. As the final year approaches, Children's Services will continue to make plans and work with partners to help family's access service. This plan includes more opportunities for parents to acquire information on the changing system and flexibility for parents to keep siblings together in a community child care location. It also includes continuing to work on developing new FDK before- and after-school programs to maintain services for families with children in FDK. Children's Services is committed to maintaining and

stabilizing the current child care system and transitioning to an early years system which now includes FDK and supports Toronto's children and families.

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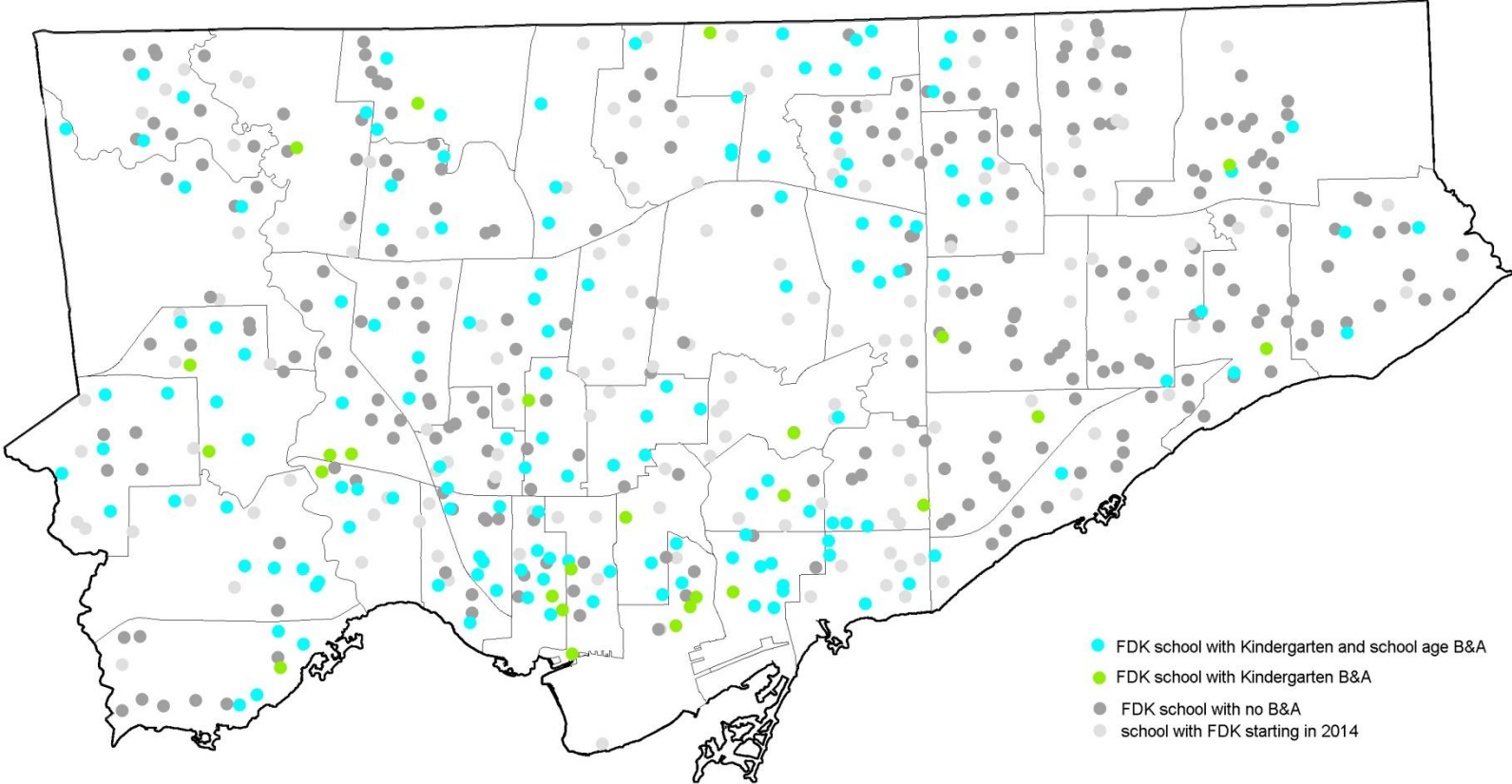
ATTACHMENTS

- Appendix A: Schools with FDK and FDK before and after-school programs by Ward as of September 2013
- Appendix B: Schools with and without FDK – before- and after-school programs
- Appendix C: Summary of Grants and Eligibility Criteria

Appendix A: Schools with FDK and FDK before and after-school programs

Ward	# of Elementary Schools	# of FDK Schools	# of Elementary Schools with FDK B&A	% of Elementary Schools with FDK	% of FDK Schools with B& A
All	590	441	176	74.7%	39.9%
1	15	11	3	73.3%	27.3%
2	13	9	3	69.2%	33.3%
3	14	9	5	64.3%	55.6%
4	14	12	7	85.7%	58.3%
5	14	9	7	64.3%	77.8%
6	14	13	5	92.9%	38.5%
7	13	8	4	61.5%	50.0%
8	10	10	4	100.0%	40.0%
9	16	14	4	87.5%	28.6%
10	6	4	3	66.7%	75.0%
11	13	12	4	92.3%	33.3%
12	14	11	3	78.6%	27.3%
13	13	8	5	61.5%	62.5%
14	8	5	2	62.5%	40.0%
15	11	8	4	72.7%	50.0%
16	8	2	1	25.0%	50.0%
17	14	10	3	71.4%	30.0%
18	12	12	6	100.0%	50.0%
19	16	14	9	87.5%	64.3%
20	12	9	5	75.0%	55.6%
21	9	9	5	100.0%	55.6%
22	8	6	5	75.0%	83.3%
23	15	8	4	53.3%	50.0%
24	12	9	8	75.0%	88.9%
25	13	5	2	38.5%	40.0%
26	10	3	2	30.0%	66.7%
27	7	5	3	71.4%	60.0%
28	11	8	5	72.7%	62.5%
29	9	6	4	66.7%	66.7%
30	13	13	9	100.0%	69.2%
31	12	8	4	66.7%	50.0%
32	13	4	4	30.8%	100.0%
33	17	12	3	70.6%	25.0%
34	15	11	6	73.3%	54.5%
35	13	11	1	84.6%	9.1%
36	17	13	4	76.5%	30.8%
37	18	15	2	83.3%	13.3%
38	19	15	2	78.9%	13.3%
39	13	12	3	92.3%	25.0%
40	14	10	4	71.4%	40.0%
41	23	15	1	65.2%	6.7%
42	21	20	3	95.2%	15.0%
43	16	13	2	81.3%	15.4%
44	22	20	3	90.9%	15.0%

Appendix B: Schools with and without FDK – before- and after-school programs.



Appendix C: Summary of Grants and Eligibility Criteria

Early Learning Transition Capital:

- Renovations of child care centres and playgrounds to support the creation of new spaces for children aged 0-4 in place of preschool spaces, and start-up costs.
- Eligibility: Non-profit child care centres with a current service contract for fee subsidy that plan to reconfigure or have reconfigured to serve children age 0-4 located outside of schools; Home child care agencies with a current service contract for fee subsidy expanding to serve infants/toddlers

Health and Safety:

- To support health and safety concerns related to licensing requirements
- Eligibility: Non-profit and commercial child care centres serving children aged 0-12 years with a current service contract for fee subsidy located in schools or in the community

Business Transformation:

- to support business transformation costs, including legal, lease termination, moving, business planning, and IT costs related to supporting the system of care for younger children.
- Eligibility: Non-profit child care centres with a current service contract for fee subsidy serving children aged 0- 12 located in schools or in the community; Home child care agencies with a current service contract expanding to serve infants/toddlers

Stabilization:

- to support costs when less than a group size is attending FDK, or to provide a bagged lunch for children escorted to FDK programs
- Eligibility: Non-profit and commercial child care centres with a current service contract for fee subsidy located in schools or in the community. For the bagged lunch grant, the centre must have children in receipt of fee subsidy attending FDK where lunch is also served to full-fee children.