

<p>1. 2014 CHILD CARE SERVICE PLAN</p> <p>PLAN DE SERVICES DE GARDE D'ENFANTS 2014</p>
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COMMITTEE RECOMMENDATIONS

That Council approve:

- 1. The 2014 Child Care Service Plan attached as Document 1.**
- 2. That authority be delegated to the General Manager, Community and Social Services Department, or designate, to provide final approval for operational and capital contributions within the Child Care Program that do not exceed the value of the approved budget provision and are assigned in accordance with the criteria for prioritization of eligible proposals under the Council approved funding program.**
- 3. That the Child Care Modernization Project be included as a priority in the City's Strategic Plan 2011-2014 and Balanced Scorecard, as outlined in this report.**

RECOMMANDATIONS DU COMITÉ

Que le Conseil :

- 1. Approuve le Plan de services de garde d'enfants 2014 (annexe 1 ci-jointe).**
- 2. Accorde l'autorité à la directrice générale des Services sociaux et communautaires, ou à son représentant, d'approuver les contributions au budget de fonctionnement et d'immobilisations des services de garde qui ne dépassent pas le budget approuvé et qui sont allouées conformément aux critères de priorisation des propositions admissibles en vertu du programme de financement**

approuvé par le Conseil.

- 3. Que le Cadre de modernisation des services de garde d'enfants soit inclus à titre de priorité dans le Plan stratégique de la Ville de 2011-2014 et dans le Bulletin de rendement équilibré, comme décrit dans ce rapport.**

DOCUMENTATION / DOCUMENTATION

1. Steve Kanellakos, Deputy City Manager, City Operations report dated 13 February 2014 / Directeur municipal adjoint, Opérations municipales, daté du 13 février 2014 (ACS2014-COS-CSS-0001).
2. Extract of Draft Minutes, Community and Protective Services Committee, 19 September 2013. / Extrait de l'ébauche du procès-verbal du comité des services communautaires et de protection, le 19 septembre 2013.

**COMMUNITY AND PROTECTIVE
SERVICES COMMITTEE** **3**
REPORT 29
26 FEBRUARY 2014

**COMITÉ DES SERVICES
COMMUNAUTAIRES ET DE
PROTECTION**
RAPPORT 29
LE 26 FÉVRIER 2014

**Report to
Rapport au:**

**Community and Protective Services Committee
Comité des services communautaires et de protection**

**and Council
et au Conseil**

**February 13, 2014
13 février 2014**

**Submitted by
Soumis par:**

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Personne ressource:**

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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2014-COS-CSS-0001

SUBJECT: 2014 Child Care Service Plan

OBJET: Plan de services de garde d'enfants 2014

REPORT RECOMMENDATIONS

**That the Community and Protective Services Committee recommend Council
approve:**

- 1. The 2014 Child Care Service Plan attached as Document 1.**
- 2. That authority be delegated to the General Manager, Community and Social Services Department, or designate, to provide final approval for operational and capital contributions within the Child Care Program that do not exceed the value of the approved budget provision and are assigned in accordance with the criteria for prioritization of eligible proposals under the Council approved funding program.**
- 3. That the Child Care Modernization Project be included as a priority in the City's Strategic Plan 2011-2014 and Balanced Scorecard, as outlined in this report.**

RECOMMANDATIONS DU RAPPORT

Que le Comité des services communautaires et de protection recommande au Conseil :

- 1. D'approuver le Plan de services de garde d'enfants 2014 (annexe 1 ci-jointe).**
- 2. D'accorder l'autorité à la directrice générale des Services sociaux et communautaires, ou à son représentant, d'approuver les contributions au budget de fonctionnement et d'immobilisations des services de garde qui ne dépassent pas le budget approuvé et qui sont allouées conformément aux critères de priorisation des propositions admissibles en vertu du programme de financement approuvé par le Conseil.**
- 3. Que le Cadre de modernisation des services de garde d'enfants soit inclus à titre de priorité dans le Plan stratégique de la Ville de 2011-2014 et dans le Bulletin de rendement équilibré, comme décrit dans ce rapport.**

EXECUTIVE SUMMARY

Assumption and Analysis

In Ontario, the Province is the primary funder for child care fee subsidies. The City, as the Consolidated Municipal Service Manager (CMSM), is required to match 20 per cent of provincial funding for an 80/20 cost shared agreement. With the tabling of Bill 143,

the *Child Care Modernization Act, 2013* and interim amendments to the *Day Nurseries Act*, Ontario is facing significant change in regulated and licensed child care. In addition, the proposed legislation and the School's First policy have and will continue to present an expanded role for expanded role for the School Boards in early learning and school-based care.

In order to align with these provincial changes, Council approved the [Child Care Modernization Framework](#) in February 2013. Key guiding principles were included and are in alignment with the Ontario Early Years policy vision. The provincial emphasis is on quality services, centred on the child and family, which are responsive, accessible and publicly accountable. The City's principles include an emphasis on parental choice (a model where the fee subsidy follows the child), priority access to subsidy, recognition of unique needs, system accountability and sustainability, integrated planning, transparency and engagement.

The introduction of the provincial changes has impacted all Ontario municipalities. In Ottawa there are 27,213 licensed child care spaces, representing 25 per cent of children aged 0-10 years old. There are 333 child care centres and 17 licensed home day care agencies. Currently, 93 agencies offer subsidized child care to families who cannot afford to pay the full cost of child care. The City administers child care fee subsidies for approximately 6,500 children.

This report describes the key changes that are anticipated in the transformation of Ottawa's child care system, and recommends approval of the 2014 Service Plan attached as Document 1, which will be submitted to the Province following Council approval of this report.

The City's role in the administration of child care is to allocate and optimize provincial funding for child care. The new provincial funding guidelines give municipal service managers more flexibility in determining how provincial funds are allocated. There is now one envelope for core services, which includes fee subsidy, wage subsidy, and special needs resourcing. However, the funding guidelines state that core service allocations must be prioritized for fee subsidies, Ontario Works recipients and special needs resourcing.

In order to more fully comply with the new provincial funding guidelines, a significant shift is required in how child care is administered in Ottawa. Elements of this transition have already started to take place in 2013. Two examples include the broad community consultation and the submission of this service plan. Other changes will be gradually introduced from 2014 to 2017. The primary changes are described below:

1. Fee Subsidy Allocation and Waitlist Management

In the current administration of child care fee subsidies, the subsidy does not necessarily go to families and children who are most in need. In order to become compliant with the new provincial funding guidelines, the City is moving to a model in which residents who are most in need will be prioritized for fee subsidies.

In 2014, the City will launch the new waitlist management system. This system will allow City staff to know exactly how many families are waiting for a licensed child care space, and how many are eligible for a fee subsidy, allowing for future planning of resident's early learning and child care needs.

2. Municipal Funding Formula

In 2015, the City will implement a new funding formula for child care agencies in alignment with provincial funding guidelines. There will be no change to the current level of City/Provincial funding to child care agencies' operational budgets in 2014, unless some agencies see a reduction in spaces as a result the final year of full-day kindergarten implementation. This decision was made in follow-up to community consultation and more directed consultation with the Child Care Stakeholder Reference Group.

Also in response to feedback received at community and stakeholder consultation, the funding formula will not necessarily be the standardized per diem rate that was previously discussed in the 21 February 2013 report to Committee and Council. The detailed elements of the funding formula will be developed with further consultation with the child care stakeholders during 2014.

As part of this shift in funding, a new recovery process will be introduced in 2014 to support the recovery and distribution of unutilized subsidy dollars from 2013 as well as the distribution of increased provincial revenue.

At the end of 2013 the City received notification of a \$4M increase to the child care envelope from the Province. Since a \$1M provincial inflationary increase was anticipated by staff and included in the 2014 budget submission, this will result in a net increase of approximately \$3M in 2014.

Public Consultation and Input

The City has created two consultative bodies for ongoing collaboration and consultation. The Expert Panel includes local academics and accredited experts in community and child development from Carleton University, the University of Ottawa, Statistics Canada and Ottawa's Public Health Department. The Expert Panel has provided feedback to City staff on the development of the Priority Criteria for fee subsidies. The Stakeholder Reference Group includes representation from School Boards, leaders in the child care sector and parents. The Stakeholder Reference Group has provided feedback on the development of the new funding formula and the shift to a funding contribution for agencies. The membership of these two groups is listed in the Appendices B and C of the attached Service Plan.

In developing the City's 2014 Child Care Service Plan, staff conducted a broad community engagement exercise with its stakeholders, including service providers and parents. In May and June of 2013, parents and stakeholders were asked to provide feedback on the 2013-2017 Child Care Modernization Framework. This included 4 community consultation sessions and a web-based survey. In total, over 600 residents provided feedback on the Child Care Modernization Framework.

In summary, the following broad themes were provided as feedback:

- the child care sector needs more funding
- any transition must be gradual
- preserve programs for vulnerable populations
- consider diverse factors in the development of the funding formula
- continue supporting the not-for-profit child care sector
- ensure ongoing communication and consultation with sector stakeholders

These concerns are being addressed in the implementation of the Child Care Modernization Framework.

BACKGROUND

In 2013, Council approved the [Child Care Modernization Framework](#). This 5 year Framework will increase parental choice and ensure that agencies are receiving equitable payment for child care fee subsidies. The approach is described in this report and also in the attached Service Plan.

DISCUSSION

Since 2009, the Province has implemented the following significant changes to the delivery of early learning and child care in Ontario:

- implemented Full Day Kindergarten and transformed the role of school boards in the coordination and delivery of early learning and child care;
- transferred the child care services portfolio from the Ministry of Children and Youth Services to the Ministry of Education;
- introduced the Schools First Policy;
- developed new legislation for the administration of child care services, including new Funding Guidelines and a new Funding Formula; and
- tabled the *Child Care Modernization Act, 2013* (December 2013).

These changes have had a significant impact on the child care sector and on the administration of child care in the City of Ottawa. It is important to note that the proposed new legislated duties of the City and the change in the City's role from a "delivery agent" under the *Day Nurseries Act* to a "service manager" under the *Child Care Modernization Act, 2013*, impose a much heavier onus on the City and its resources.

Under the *Day Nurseries Act* the City is not legislated to deliver or to fund any fee subsidies or child care services. Historically, the City has opted to enter into a service agreement with the Province under Subsection 7.2 (1) of the *Day Nurseries Act* so that the City was then bound to administer and fund fee subsidies and child care services in accordance with the provincial service agreement that had an appropriate termination clause.

Under the *Day Nurseries Act* the City had the option of scaling back its fee subsidy management policy and child care services delivery model in the event that the City did

not have sufficient resources to administer and to fund child care subsidies and services. With the proposed mandated service manager duties under Sections 51 and 56 of the *Child Care Modernization Act, 2013*, the City would no longer have this option, which would be particularly onerous if these requirements are expected to be carried out within existing resources.

In its capacity as delivery agent, City staff is preparing a separate response for submission to the Province in response to the proposed Bill 143. Appendix A of the attached Child Care Service Plan summarizes the sections of the *Child Care Modernization Act, 2013* of particular concern to staff as it relates to the potential impacts of the legislation municipal administration.

The City's [Child Care Modernization Framework](#), is a response to the provincial changes and was approved by Ottawa's City Council in February 2013. The City's five year Child Care Modernization Plan includes the following components:

- 1) System Planning and Continuous Improvement
- 2) Prioritized Access to Subsidy
- 3) Financial Management
- 4) Municipally Operated Child Care Programs

Status of Child Care Modernization Implementation

The following summarizes the key initiatives that staff has initiated in 2013 and will be completed in 2014-2015.

1. Launch of the New Waitlist Management Technology by September 2014

In 2014, parents who are currently on the waiting list for child care spaces will be contacted and asked to update their information for the new waitlist system. If they qualify for a subsidy, they will be prioritized based upon when they first registered for child care.

When the waitlist is fully implemented, all child care agencies will be able to offer subsidized spaces with a signed agreement with the City., Low income parents and their children will be better served through prioritized access to a broader geographic

range of subsidized child care spaces. Parents applying for a child care fee subsidy will receive timely information on whether they qualify for fee subsidy, before they are placed on the waitlist. When a subsidized space becomes available parents will be able to choose where their child receives subsidized care.

2. New Purchase of Service Contracts will be Developed by December 2015

A Departmental staff task force has been established to review existing agreements. New agreements will be completed by the end of December 2015. The contracts will formalize the processes for operational subsidy funding and capital contributions to child care providers. As set out in Recommendation 3 of this report, staff is requesting that Council delegate authority to the General Manager Community and Social Services Department to provide final approval for operational and capital contributions that collectively do not exceed the value of the approved municipal budget and any increased provincial revenue allocated for such contributions; and are to be assigned in accordance with the criteria for prioritization of eligible proposals under the Council-approved funding program.

3. Completion of Municipal Child Care Program and Service Review by December 2014

The City will be conducting a review of the Municipal Child care program. A request for proposals for this work was awarded in early 2014 the review will be complete by the end of 2014. The purpose of this review is to identify potential operational improvements and to ensure the City's compliance within its own directly operated programs with the new provincial funding guidelines.

4. Continued Consultation on the Municipal Funding Formula

Staff will develop a standardized funding formula for child care subsidy in consultation with the child care stakeholders during 2014. In response to feedback received during community and stakeholder consultation, this funding formula will not necessarily include a standardized per diem rate as previously recommended in the 21 February 2013 report to Committee and Council.

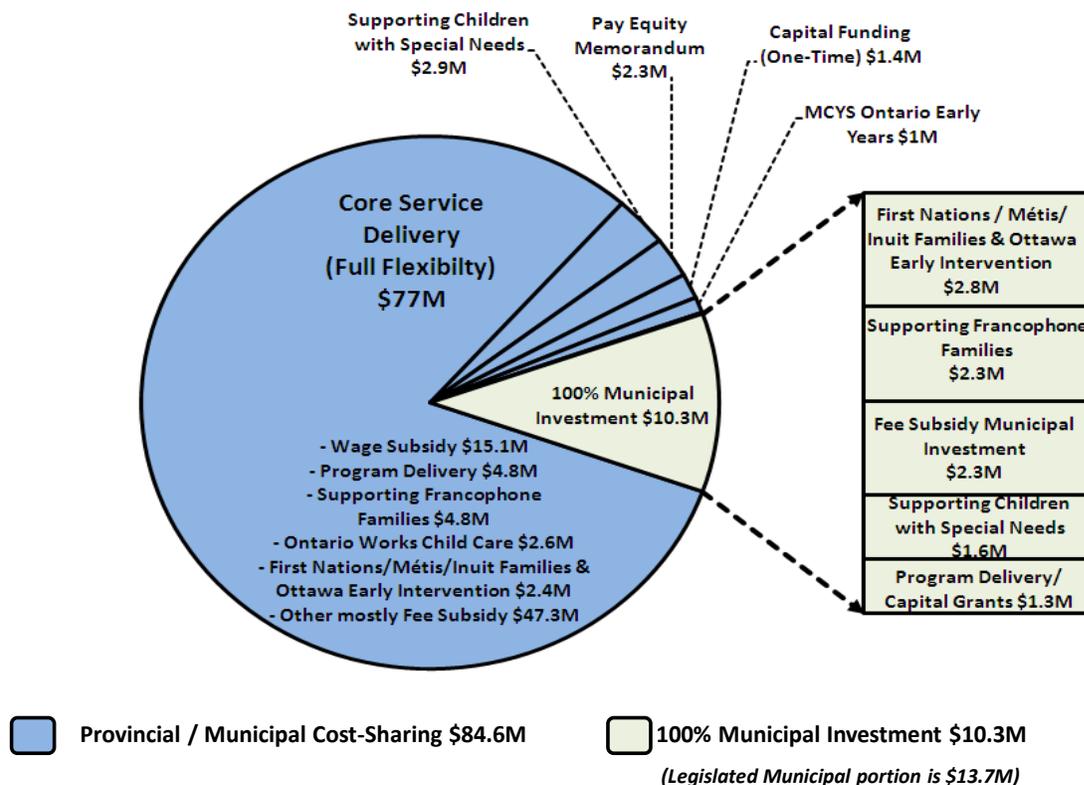
There will be no decrease to agencies' maximum confirmed budgets in 2014. However, all agencies with unutilized fee subsidies from the 2013 allocation will be required to

submit a business plan with performance milestones to maintain this level of funding for 2014. The business plan must also fit into the priorities outlined within the attached Service Plan under section 2.4.1.1. In 2014, child care agencies will be required to report on their achievement of these performance measures.

Ottawa's Child Care Budget

The City's funding arrangements are summarized in sections 2.3 and 2.4 of the attached Service Plan. The City of Ottawa's total child care budget is \$94.9M. The following chart (Figure 1) shows that \$84.6M is from provincial funding with the associated legislated municipal portion (\$13.7M). In addition to the legislated requirement the City invests \$10.3M in the child care system each year. Being able to distinguish the 100 per cent municipal investment from the provincial envelope is an important part of building a sustainable funding model. The new provincial funding guidelines state that the City has full flexibility on the allocation of funds within the core service delivery envelope (approximately 90 per cent of the provincially cost shared budget.) The City is mandated to allocate funding to the following programs and services: Supports to Children with Special Needs (\$2.9M), Pay Equity Memorandum (\$2.3M), Capital One-Time Funding (\$1.4M), and the Ministry of Child and Youth Services' Ontario Early Years (\$1M).

Figure 1: 2013 Child Care Budget \$94.9M



* Figures are net of parental fee revenue & include program support costs from other departments. Will not align exactly to other City financial reports.

RURAL IMPLICATIONS

Rural child care agencies and home child care providers were involved in the community engagement process. Staff will be working with rural and urban child care agencies to ensure agencies understand the new funding formula, waitlist management system and performance measures. Moving to a 'subsidy follows the child' model will assist low income rural families in accessing child care subsidies.

CONSULTATION

The City has developed two consultative groups: the Expert Panel and the Stakeholder Reference Group.

In developing the City's 2014 Child Care Service Plan, staff conducted a broad community engagement exercise with its stakeholders, including service providers and parents. In May and June of 2013, parents and stakeholders were asked to provide feedback on the 2013-2017 Child Care Modernization Framework. This included 4 community consultation sessions and a web-based survey. In total, over 600 residents provided feedback on the Child Care Modernization Framework.

In summary, the following broad themes were provided as feedback:

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- any transition must be gradual
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These concerns are being addressed in the implementation of the Child Care Modernization Framework.

LEGAL IMPLICATIONS

There are no legal impediments to the implementation of the report recommendations. As a result of changes in provincial child care service management and funding guidelines and the tabling of new legislation detailed in this report, new responsibilities are to be assumed by the City with respect to the administration and delivery of provincially funded child care programs. Consequently, this initiative will require external legal resources to support the implementation but the cost of such resources can be accommodated within the existing approved budget.

RISK MANAGEMENT IMPLICATIONS

There are some risk implications associated with the Province's child care modernization initiatives. Staff will continue to monitor these and work with provincial and local partners on risk mitigation strategies.

There is the potential for the closure of some child care centres. The Province has acknowledged that some child care centres may close due to the implementation of the provincial changes related to Full Day Kindergarten. The 4 and 5 year olds that child care agencies relied upon to keep their centres viable (due to lower staffing ratios) are now being served through the school system. Approximately 75 per cent of child care providers are fully funded through parental fees. This means that child care providers are competing with school boards for before and after-school care. Many agencies will need to reconfigure their services to serve younger children or to respond to other child care needs such as 'alternate hours'. The City has limited capital funding available for retrofits through the Provincial Capital Retrofit program. The competition with school boards continues to increase as schools become more involved in child care programs as supported through the Ministry of Education's School's First Policy. Depending on the neighbourhood, some community-based providers may not be able to maintain a full fee paying base. There is an annual risk that provincial funding may not be increased by the Cost of Living (COLA). Over the past several years, Provincial funding for child care has not increased by the cost of living. The review of the Provincial funding formula and the increase in revenue of \$4M for Ottawa in 2014 will not necessarily be repeated in 2015. The new funding guidelines state that the Province will take inflation into account, but only if additional provincial funds are available. This means that while the demand for child care fee subsidy continues to rise, the ability of the City to purchase fee subsidies will continue to be constrained by the amount of provincial funding received.

FINANCIAL IMPLICATIONS

The 2014 Approved Operating and Capital Child Care Budgets include sufficient funding for the 2014 Child Care Services Plan as recommended in this report. Upon confirmation from the Province the Child Care budget will be adjusted for the \$3M of additional funding allowing the City to expand Child Care funding as identified in the report.

ACCESSIBILITY IMPACTS

There are no accessibility impacts associated with the recommendations outlined in this report.

The Province legislates that 4.1 per cent of provincial funding be allocated towards services for children with Special Needs. Currently the City allocates over 5 per cent of its funding for programs serving children with Special Needs. The City will ensure that service levels for children with Special Needs are maintained. The City is also committed to supporting parents with a documented illness or disability and families with children who have documented Special Needs through access to child care fee subsidies.

TECHNOLOGY IMPLICATIONS

Information Technology Services has been, and will continue to work with Community and Social Services Department to implement the new waitlist solution.

TERM OF COUNCIL PRIORITIES

The 2014 Child Care Service Plan is well aligned with the Term of Council Strategic Priorities (2011-2014) and supports the Strategic Priority of Healthy and Caring Communities.

In July 2013, the City's Executive Committee recommended adding the Child Care Modernization Project to the 2011-2014 City's Strategic Plan and Balanced Scorecard. Per Recommendation 4 of the report, staff recommends Council approve the addition of the following performance measure to the Balanced Scorecard:

- Complete the implementation of a new wait list management system for child care fee subsidy by the end of 2014.

SUPPORTING DOCUMENTATION

Document 1: 2014 Child Care Service Plan

DISPOSITION

The Direct Operations Branch of the Community and Social Services Department is responsible for implementing and monitoring the 2014 Service Plan.

Following Council approval of the attached 2014 Service Plan, the Plan will be submitted to the Ministry of Education.