# Child Care System Review

**BUILDING AND SUPPORTING A STRONG, EQUITABLE AND STABLE CHILD CARE SYSTEM NOW AND FOR THE FUTURE.**

**COMMUNITY SERVICES STANDING COMMITTEE**

**JUNE 16, 2014**

# System Review - Purpose

- In 2013, the Ministry of Education changed the funding formula for child care across the Province, resulting in a reduced funding entitlement for Greater Sudbury.

- This resulted in a $1.8m reduction in 2013, and a potential future reduction of $3.6m.

- The Ministry of Education gave Cities authority to develop local allocation strategies and policies for child care.

- In June 2013, Council requested a Child Care System Review to recommend changes to the child care system, to plan for future funding reductions, and to bring forward a recommendation about Junior Citizens Day Care (JCDC).

# Child Care System Review - Process

- Children Services has led a community process in partnership with all child care operators and school boards.

- All recommendations were developed by the System Review Working Group and endorsed by the System Review Stakeholders Group.

# Current Child Care System - Challenges

- The previous funding guidelines were developed Provincially and do not reflect local realities.

- Licensed spaces are not distributed equitably and there are underutilized spaces in some areas.

- Previous funding formulas do not reflect the true costs of providing service.

- The municipally operated program (JCDC) costs twice as much as to operate as non-profit care.

- The System Review is an opportunity to strengthen and stabilize the child care system.

# Proposed System Change #1: Predictable Funding

The System Review proposes a predictable "proportional" formula for core funding areas:

- General Operating Grant 36%
- Child Care Subsidy 55%
- Special Needs Resourcing 9%

These numbers align funding with historical spending.

As funding changes, budgets to these areas can be increased or decreased proportionally.

# Proposed System Change #2: Redistribution of licensed spaces

After reviewing service levels, utilization, demographics and demand, the System Review proposes a redistribution of licensed spaces, using these principles:

- Equity of service by neighbourhood and language.
- Maintain service in remote areas and cultural communities.
- Reduce underutilized spaces (190 spaces or 4% of spaces- approx.).
- Fairness between agencies and school boards.
- Use mitigation dollars to avoid service interruptions.

Child Care Operators and School Boards are actively working with the City to redistribute and reduce underutilized spaces for 2015.

# Proposed System Change #3: General Operating Grants

The System Review proposes a new General Operating Grant formula which:

- shifts grants to younger age groups to better reflect costs of operating
- ensures that operators can offer the care that is required by the community
- controls number of spaces approved and avoids funding underutilized spaces

| | Current grant funding per space/ year (approx) | Current # of spaces funded | Proposed grant funding per space/ year | Proposed # of spaces (projected) |
|---|---|---|---|---|
| Infant | $ 3,100 | 178 | $6000 | 173 (-5) |
| Toddler | $2,050 | 534 | $4000 | 460 (-74) |
| Preschool | $1,275 | 1134 | $1520 | 1020 (- 114) |
| School Age | $536 | 2444 | $200 (equivalent) | 2444 |
| Total | Total spending: $5,000,067 | Total spaces: 4290 | Total spending: $5,000,000 | Total spaces: 4097 |

# Proposed System Change # 4:
## Changes to Day Care Rates

The System Review proposes changes to the subsidized and full fee rates that will:

- Keep regular rates stable - with small, predictable increases for cost of living.

- Support eligible shift working families who require flexible and evening care for children by paying a negotiated rate that reflects the higher cost of care.

# Proposed System Change #5: Municipally Operated Child Care (JCDC)

The System Review proposes that the City transition out of directly operating child care at Junior Citizens Day Care by:

- Issuing an Expression of Interest to non-profit operators to deliver the services currently provided by JCDC, including evening services, either in the current space or in the community.

- Developing an action plan to transition the services to non-profit providers.

Staff will report back to Council before December 2015 with a detailed transition plan.

# Junior Citizens Day Care - Key Facts

1. A review of JCDC was part of the System Review.

2. There is a perception that the operation by the municipality of one child care centre creates a potential conflict of interest.

3. Costs of providing care at JCDC are high:

   | | |
   |---|---|
   | Annual cost of directly operating JCDC | $1,277,000 |
   | Number of licensed spaces at JCDC | 110 |
   | Current number of children enrolled at JCDC | 116 |
   | | |
   | Average daily cost per child - JCDC-2013 | $94.00 |
   | Average daily cost per child - community spaces-2013 | $43.00 |

4. Without a reduction to JCDC costs, a waitlist for subsidized child care is projected within the next 12 months.

# Planning for Future Funding Reductions

The changes to the Child Care System proposed by the System Review allow for a projection of the impact to service when the identified budget reduction of $3.6m is implemented by the Ministry of Education. (Predicted for January 2016)

**Impact on service if Junior Citizens Day Care continues to be operated by the City.**

| | After $3.6 m reduction- JCDC Services remaining municipally operated<br><br>Status Quo | After $3.6 m reduction- JCDC Services delivered by the community<br><br>Recommended |
|---|---|---|
| Funding for Core Programs : General Operating Grant, Child Care Subsidy, Special Needs Resourcing | $10,816,500 | $12,119,383 |
| Funding for Directly Operated Day Care (JCDC) | $1,302,833 (2015) | ------- |
| Estimated loss of licensed child care spaces | 605 | 418 |
| Projected waitlist for Child Care Subsidy | 729 | 519 |

# Next Steps

- With approval from Council of proposed changes #1 through #4, Children Services will work with stakeholders to implement required changes and submit required policies to the Ministry of Education.

- With approval from Council of proposed change #5, Children Services will seek Expressions of Interest to operate JCDC services and bring a recommended transition plan to Council before December 2015.