

## For Information Only

### Child Care System Review Update

Presented To:	Community Services Committee
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### Resolution

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### Relationship to the Strategic Plan / Health Impact Assessment

This report is related to the third strategic priority: Responsive, Fiscally Prudent, Open Governance. By working closely with it's stakeholders and developing community strategies to respond to current and future funding changes in child care and early learning, the Child Care System Review and ongoing work has emphasized "the relationship between governance, community engagement and information, in support of better decision-making".

Responding to funding reductions in a collective and proactive way in order to ensure that available funding is being spent in the most efficient way, and the needs of families are prioritized, has helped the City of Greater to Sudbury protect the health and well-being of families and maintain a stable, high quality child care and early learning system for all families.

### Report Summary

In 2012, the Ministry of Education reallocated child care funding across the Province which resulted in a \$1.8 million cut to the CGS Children Services Budget for 2013, and projected a further potential budget reduction of up to \$4.6 million in the future.

In June 2014, Council approved the Child Care System Review report which recommended changes to ensure a high quality, efficient child care system that could operate within the new funding reality and would be positioned to weather further funding reductions.

#### Signed By

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##### **Financial Implications**

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##### **Recommended by the C.A.O.**

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This report provides updates on progress made to date on the main recommendations in the 2014 System Review related to:

- A new child care funding allocation formula
- Redistribution of child care space based on neighbourhood needs
- A new General Operating Grant formula
- A new child care rate schedule
- The transfer of Junior Citizens Day Care services to the non-profit sector
- The ongoing system management of early years programs

Over the next two years, the Children Services Section will continue to work with child care operators to analyze community needs and recommend system-level changes, as it works towards completing a mandatory Early Years Plan for the Ministry of Education by 2019.

The Children Services Section will report back to the Community Services Committee with the full plan and any impacts or funding changes required.

### **Financial Implications**

There remains the potential of \$2.6 Million reduction of grant funding, however, this will not translate into a tax levy reduction as the new Child Care funding allocation model requires a minimum level of municipal contributions that the City currently provides. The changes to the Waitlist Policy only relate to spending of the existing Child Care Subsidy budget.

As previously reported the City has received mitigation funding to be used to assist in this transition.

## Background

In 2012, the Ministry of Education announced a new Provincial Funding Reallocation which included a \$1.8 million cut to the City of Greater Sudbury's Children Services Budget for 2013, and projected a further potential budget reduction of up to \$4.6 million in the future. Over 2014 and 2015, the City of Greater Sudbury's (City) provincial allocation was increased by \$2 million, thereby reducing the future reduction to \$2.6 million. The \$2.6 million dollar reduction was projected to be implemented by 2016. However, this has yet to happen as of 2017.

With the provincial funding reallocation came more local flexibility about allocating funds and a requirement to develop local policies to allocate child care funding based on local needs. In June 2013, Council approved internal Child Care policy changes to respond to the immediate funding reduction and requested a Child Care System Review

(<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=669&itemid=6739&lang=en>).

This review would recommend policy and operational changes to Council, in order to create a high quality, efficient child care system that could operate within the current funding realities and be positioned to weather further funding reductions.

The City of Greater Sudbury Children's Services Section and its stakeholder agencies (licensed child care, school board and specialized services partners) worked collaboratively to develop a plan which will create a strong, stable and responsive child care system that could operate within the current and future funding environments.

The Child Care System Review provided a foundation for an improved child care system which will continue to allow all partners to work together to plan for, deliver and evaluate a high quality, equitable and stable child care system. It has given the City of Greater Sudbury, as the System Service Manager, the tools and policies to effectively manage the child care system now, and in the future.

## Child Care System Review Update

The Child Care System Review was a year-long collaborative community planning process led by the Children Services section in 2013 and 2014. The System Review Working Group, made up of 14 members representing all stakeholders, met regularly and brought their recommendations to the System Review Stakeholders Group, made up of the boards and operators of all child care agencies and all four school boards. All recommendations included in the report had full endorsement of the Child Care System Review Stakeholder's Group and were endorsed by Council in June 2014

(<http://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=731&itemid=8570&lang=en>).

An update on progress made to date on each of the main recommendations is provided below:

## **1. New Child Care Funding Allocation Formula**

The Child Care System Review recommended an allocation strategy which would ensure that funding increases or decreases occur in a planned and predictable way.

The recommendation included a predictable "proportional" formula for core funding areas:

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

### **Update:**

The following formula was implemented in 2015:

- General Operating Grant 35%
- Child Care Subsidy 55%
- Special Needs Inclusion 10%

A small revision to the predicted percentages was implemented to better assist child care programs to meet the needs of children with special needs. To date the new formula is meeting community needs, with no negative impact on the programs supported. Children Services has committed to review the General Operating Grant allocation in collaboration with community partners, by the end of 2018, which may result in a further revision to the formula.

## **2. Redistribution of Licensed Child Care Spaces**

The System Review Working Group completed a full review of the current child care system and studied issues related to demand, enrollment, demographics, school board plans, financial viability, efficiencies and facilities at a neighbourhood level.

After reviewing service levels, utilizations, demographics and demand, a redistribution of licensed spaces was approved that:

- improved equity of service by neighbourhood and language and provided care in locations that best met families' needs;
- ensured care was available in remote areas and cultural communities;
- reduced underutilized spaces (approximately 190 spaces or 4% of spaces);
- promoted viability/stability of existing agencies and maintained equity of service between school boards, and;
- used mitigation dollars to ensure a smooth transition and avoid service interruptions for children and families.

**Update:**

Child care operators and school boards worked with the City to redistribute and reduce underutilized spaces. Approximately 190 spaces, which were not being fully utilized or were not being operated at all, were transferred to other locations where demand was higher, or ceased to be funded. The allocation and ongoing operation of funded spaces is now managed through Early Years Funding Agreements with the child care operators. The redistribution and reductions served to strengthen child care agencies and ensure that spaces were being offered where need was highest.

In order to continue to plan for ongoing child care system needs, Children Services is currently undertaking a Community Needs Assessment and will be preparing an Early Years System Plan in 2018/2019, which will include a Child Care Plan, with an analysis of current and future need and for child care and recommended changes to the distribution of child care spaces, as required.

**3. Operating Grant Formula**

The approved Operating Grant Formula was designed to shift more of the grant funding for Child Care operators to the younger age groups, where the costs are highest.

The General Operating Grant formula was introduced which:

- shifted grants to younger age groups to better reflect operating costs;
- ensured that operators could offer the care that is required by the community;
- controlled the number of spaces approved and avoided funding "underutilized" spaces, and;
- positioned child care operators and programs to be able to remain viable as future funding reductions were implemented.

**Update:**

The City of Greater Sudbury worked with operators to determine spaces to be funded and introduced the new General Operating Grant formula in 2015. The grant allocations are reviewed twice a year with child care operators and continue to meet community and agency needs. More analysis will be provided in the Early Years System Plan in 2018/19, including an assessment of the impact of the new grant formula on child care operators.

**4. Changes to Child Care Rates**

While the Child Care System Review worked to keep child care rates affordable for families, there were some areas where "market" rates needed to be raised to better reflect the true cost of providing care by child care operators. Further, these rates needed planned increases that were small and predictable, in order to keep up with rising costs and maintain quality programming for children.

The following changes to rates were implemented:

- Rates paid by the City of Greater Sudbury to child care operators on behalf of subsidized families were maintained, with an annual inflationary increase provided.
- A negotiated community rate paid by the City of Greater Sudbury for subsidized families for flexible care for children aged 0-3.8 years, and evening care for children aged 0-10 years that reflects the higher cost of care, was introduced to support eligible shift working families. Operators receiving the flexible care and evening rates were expected to implement higher flexible and evening rates for their full fee families over a 4 year period to eventually match the rates paid by the City of Greater Sudbury, on behalf of subsidized families. The Children Services Section continues to monitor full fee rates.

### **Update:**

Child care operators have been able to better serve shift working families with the help of the higher flexible care child care rates.

The small annual increases to subsidized rates have assisted child care operators to keep up with rising staffing and operational costs.

Children Services will continue to monitor the rates paid for subsidized child care and their impact on service levels, as well as full fee rates in the community.

A policy change brought forward to the Community Services Committee on February 28, 2017 has approved child care subsidy for eligible children over the age of 10 and up to 12 years.

## **5. Transfer of services from Junior Citizens Day Care/ Centre des jeunes citoyens to the non-profit sector**

The System Review Working Group studied the operation of Junior Citizens Day Care/ Centre des jeunes citoyens (JCDC), including the service delivered, costs and benefits of direct operation of the program by the City. Concerns about directly operating the program were raised related to high cost of delivering the care, which used a disproportionate amount of limited child care funding and could be perceived to be a conflict of interest for the City in its role as the local service system manager for child care (as defined by the Ministry of Education).

Based on the recommendation of the Child Care System Review, Council directed Children Services to transition out of directly operating child care at JCDC by moving the services provided at JCDC (bilingual, flexible day and evening child care for children 18 months to 12 years in an accessible downtown location) to non-profit community operators who had identified capacity to deliver the unique services currently provided by JCDC.

A transition plan was developed to transfer the services provided by JCDC to community locations being operated by existing licensed operators.

### **Update:**

#### *Space Transition*

Upon the closure of JCDC in June 2015, the spaces provided by the centre were transferred to the following not-for-profit agencies:

- Larch Street Kids, at 199 Larch St, which expanded to offer a bilingual evening programs for children aged 18 months to 12 years, as well as an expanded day time and after school program;
- Sudbury YMCA, which expanded to offer English after school care for children aged 4 to 12, and;
- Carrefour francophone - École Jeanne Sauvé site, which was able to continue to offer care for francophone children from 18 months to 4 years.

Families who were using JCDC were supported to transition to the program of their choice.

#### *Staffing Update*

JCDC employees were transitioned into other positions at the City or left the City's employ for other career opportunities, as per the Collective Bargaining Agreement process, which was completed in the summer of 2016. The one non-union employee accepted a position in Leisure Services.

## **6. Early Years System Management**

As part of the Children Services Section's ongoing system management of early years programs, meetings are held twice per year with each child care operator to review all aspects of their operations (from governance to staff recruitment) and to work with each operator to analyze the impacts of the changes implemented as part of the Child Care System Review. This close cooperation and regular contact is serving to strengthen the system and provide better overall system management in a timely fashion.

## **Ongoing planning for reduced funding and for maximizing budgets**

As previously stated, the full provincial budget reduction has not yet been implemented by the Ministry of Education and has gradually been reduced from \$4.6 million to \$2.6 million, as Provincial allocations for communities have been increased. It is possible, with the Provincial announcement in 2016, of an increase of 100,000 new spaces throughout the Province within the next 5 years that the local allocation will increase again, thereby further reducing the City of Greater Sudbury's "overfunding".

Despite this, the Children Services Section continues to plan for the contingency of a budget reduction of up to \$2.6 million.

A budget reduction as significant as this would have a large and direct impact on service and is expected to result in:

- an estimated loss of 300 licensed child care spaces for children under 4 years, and;
- a projected waitlist for child care subsidy of up to 400 children (based on 2016 actual spending).

## **Next Steps**

Over the next two years, the Children Services Section will continue to work with child care operators to analyze community needs and recommend system-level changes, as it works towards completing a mandatory Early Years Plan for the Ministry of Education by 2019. The Children Services Section will report back to the Community Services Committee with the full plan and any impacts or funding changes required.

If the previously-mentioned funding reduction is fully implemented by the province at any time, the Children Services Section will return to the Community Services Committee with a report on the response and on implications to the City of Greater Sudbury, the child care system and to children and families.