



**CITY OF HAMILTON**  
**COMMUNITY & EMERGENCY SERVICES DEPARTMENT**  
**Children's & Home Management Services Division**

|                           |  |
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| <b>TO:</b>                | Chair and Members<br>Emergency & Community Services Committee  |
| <b>COMMITTEE DATE:</b>    | March 24, 2014   |
| <b>SUBJECT/REPORT NO:</b> | 2014 Provincial Child Care Funding Allocation for the City of Hamilton (CES14007) (City Wide)                        |
| <b>WARD(S) AFFECTED:</b>  | City Wide  |
| <b>PREPARED BY:</b>       | Grace Mater (905) 546-2424 ext. 4979<br>Brenda Bax (905) 546-2424 ext. 4120<br>Jane Soldera (905) 546-2424 ext. 2399 |
| <b>SUBMITTED BY:</b>      | Vicki Woodcox<br>Acting General Manager<br>Community & Emergency Services Department                                 |
| <b>SIGNATURE:</b>         |  |

**RECOMMENDATION**

- (a) That the City of Hamilton accept the additional 2014 Child Care base funding in the amount of \$ 2,802,537 (100% Provincial) from the Ministry of Education; and,
- (b) That the General Manager of Community & Emergency Services Department be authorized to execute the 2014 Child Care Service Agreement with the Ministry of Education in a form satisfactory to the City Solicitor.

**EXECUTIVE SUMMARY**

The Province continues its multi-year reform of the child care system in Ontario. To support the transformation of child care, and to stabilize the system, the Ministry of Education has increased funding in 2014 to the City of Hamilton as the Consolidated Municipal Service Managers (CMSMs) for child care.

The City of Hamilton has received an additional \$2,802,537 (100%) funding from the Ministry of Education in its 2014 allocation.

The additional funds will be allocated across the local system using a balanced approach much like that taken with the additional funding received in 2013. The additional funding will support:

- a) System stability and capacity building; and,
- b) Access to service for families.

The investment of the additional Ministry funding aligns with the Early Years Community Plan 2012-2015 and is reflective of extensive consultation with the child care sector in 2013.

***Alternatives for Consideration – Not Applicable***

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS (for recommendation(s) only)**

**Financial:**

\$ 2,802,537 of new child care funding has been received by the City from the Ministry of Education. These are 100% Provincial funds.

**Staffing:**

There are no staffing implications associated with Report CES14007.

**Legal:**

The 2014 Child Care Service Agreement has been received from the Ministry of Education and has been forward to Legal Services for review. Once approval is received from Legal Services and the City of Hamilton 2014 Budget is approved, the agreement will be executed.

**HISTORICAL BACKGROUND (Chronology of events)**

The Government of Ontario continues to stabilize and transform the early years and child care systems to better meet the needs of children aged 0-12 years. As reported to Council last year (*Ministry of Education Early Years and Child Care Policy and Funding Announcements (CS13016) (City Wide)*), the Ministry of Education has supported this transformation through the introduction of:

- a) Early Years *Policy* Framework;
- b) New Funding Formula to allocate child care funding to municipalities;
- c) New Funding Framework and Guidelines to support municipalities in managing the local child care system through the transformation process and development of local funding models; and,
- d) School-First Child Care Capital Retrofit Policy. The Ministry also increased child care funding across the province and as a result the 2013 City of Hamilton Child Care base funding was increased by \$3,343,306 (100% provincial funding). At that time staff estimated that the City's Child Care budget pressures were approximately \$12.5 million. Additional service pressures were also identified however, staff were not able to quantify them at that time.

In November 2013, the Ministry of Education announced the 2014 Child Care Funding Allocations, including an increase of \$67 million province wide, recognizing the child care sector is still in a period of transition. As a result the City of Hamilton has received an increase of \$2,802,537 (100% Provincial) in funding for 2014.

The over-all impact of the addition of this funding for Hamilton is summarized below:

**City of Hamilton Child Care Budget**

| <b>Budget Year</b> | <b>Total Gross Budget</b> | <b>Provincial Share</b> | <b>Municipal Share</b> |
|--------------------|---------------------------|-------------------------|------------------------|
| 2013               | 44,971,122                | 39,377,556              | 5,593,566              |
| 2014               | 47,773,659                | 42,180,093              | 5,593,566              |

**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

The Ontario Early Years Policy Framework, The Funding Framework, and the 2014 Ontario Child Care Service Management and Funding Guideline for Consolidated Municipal Service Managers (CMSMs) and District Social Services Administration Boards (DSABs) provide the policy context, accountabilities, and reporting requirements related to provincial funding for child care.

**RELEVANT CONSULTATION**

Extensive input from community stakeholders to the City of Hamilton Early Years Community Plan (2012-15), as well as targeted consultation with Hamilton child care operators in March 2013, informed the investment of the additional \$3.3 million in 2013. The *Child Care Funding (CS13028) (City Wide)* report presented to Council in June 2013 summarized that consultation process, feedback received, and the resulting allocation of the additional 2013 funding. Over-all it was determined the funding would best stabilize the system if it:

- was balanced (e.g., does not just focus on one area or ‘pressure’);
- helped to build system capacity;
- was flexible enough to address some unique challenges identified by operators;
- addressed outstanding operator per diem pressures; and,
- increased access to service by removing some children from the Child Care Fee Subsidy waitlist.

Subsequent feedback received from child care operators since the infusion of the additional investments has been positive and confirms that the approach taken to the investment of additional funding in 2013 is having the intended outcome of supporting programs through this transition period. The investments have also increased access to service for families by ensuring that an additional 200 children received child care fee subsidies each month. The Child Care Fee Subsidy waitlist which had been at 1,748 children as of January 2013 was reduced to 1028 children waiting for subsidy by December 31, 2013.

### **ANALYSIS AND RATIONAL FOR RECOMMENDATION**

Child Care is still a system in transition. Full day kindergarten will be 100% implemented by September 2014. The child care system continues to feel the impact of four and five year old children leaving to attend full day kindergarten. The additional 2014 provincial funding is being provided to municipalities specifically to address increased costs associated with the transformation process.

Municipalities, as the Consolidated Municipal Service Managers (CMSMs) for early years and child care, are currently developing new local funding models that will support the child care system, reflect local needs, and comply with the new Provincial Funding Framework and Guidelines. While the Ministry of Education first anticipated that the changes to system funding would occur in a relatively 'speedy' manner, there is now an acknowledgement that this will be a longer process involving extensive consultation and planning by the CMSMs with their local communities as well as on-going dialogue between the Ministry and municipalities.

Staff are currently engaged in a comprehensive consultation process with key stakeholders to inform the development of a new child care funding model for Hamilton and will bring a report regarding this issue to Council for its consideration in January 2015.

In the meantime staff continue to monitor the over-all stability of the system, determine where pressures and challenges still exist, and plan for the future needs and development of the child care and early years systems in Hamilton.

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Current service system pressures have been updated and are summarized below:

| <b>Child Care Funding</b>                            | <b>Description of the pressure</b>  | <b>Projected Pressure</b> |
|--|---|---------------------------|
| Child Care Fee Subsidy Wait List                     | On January 1, 2014, there were 1,028 children on the wait list for fee subsidy. The cost to serve these children for a full year is noted in the projected pressure column.   | \$6,847,220               |
| Wage Subsidy   | The 2014 wage subsidy estimates to support staff salaries across the local system have resulted in an additional funding pressure.  | \$989,000                 |
| Repairs and Maintenance                              | There were 61 child care organizations that applied for repairs and maintenance funding in 2013 to meet licensing, public health and fire requirements. The total requests that exceeded the 2013 funding envelope are identified in the pressure column. Additionally, requests for 2014 have not yet been received.   | \$1,500,000               |
| Special Needs Resourcing                             | Support for children with special needs has been highlighted as a challenge in the Early Years Community Plan – further investigation and analysis is required in order to quantify pressures.  | To Be Determined          |
| Capital Costs To Retrofit Existing Child Care Spaces | As child care operators plan for the loss of four and five year olds due to full day junior and senior kindergarten, they may incur costs to retrofit existing space to serve younger children. Operators will be identifying those costs over the up-coming months While some funding is available in the 2014 budget it is unknown if they will be sufficient to meet the demand. | To Be Determined          |
| <b>Total</b>   |   | <b>\$9,336,220*</b>       |

\*Excludes other known system pressures that are not yet quantified

The additional 2014 funds will be allocated across the child care system using a 'balanced' approach much like 2013 with a focus on:

- a) system stability and capacity; and,
- b) access to service for families.

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**Allocation of the additional 2014 \$2,802,537 (100%) Provincial Child Care Funding Funding\***

| <b>Priority</b>                         | <b>Allocation of Funding</b> | <b>Comments</b>  |
|---|------------------------------|--|
| Child Care Administration & Fee Subsidy | \$ 1,370,400                 | This funding provides increased per diems to operators and will serve more children from the wait list for fee subsidy.<br>A minimum of 100 more children each month will receive fee subsidies.   |
| Child Care General Operating Grant      | \$ 836,429                   | This funding will increase the allocation directed to stabilize operators until a new funding framework is developed, which is targeted for implementation in 2015.  |
| Capital retrofit                        | \$ 63,436                    | This funding will support non-profit child care operators to retrofit existing space to serve younger children as a result of children leaving for full day kindergarten. (This funding increases the Ministry allocation to align to the 2014 City budget.)             |
| Repairs and Maintenance                 | \$ 411,247                   | This funding will support child care operators to meet Day Nursery licensing, health and fire requirements.  |
| Capacity Building                       | \$ 50,000                    | This funding will provide tools, information and resources to help individual operators and groups of operators make informed business decisions about their child care programs (i.e., board development, quality initiatives and professional development activities). |
| Transformation                          | \$ 71,025                    | This funding will support non-profit child care operator viability and facilitate child care transformation activities; (i.e., business planning and legal costs). (This funding increases the Ministry allocation to align to the 2014 City budget.)                    |
| Total:                                  | \$ 2,802,537                 |  |

\*(The Ministry of Education continues to view child care as a system in transition and provides municipalities flexibility to re-allocate funding 'in year' as required to meet local needs and plans. The Allocations presented above are estimates and may change depending on pressures/demands in year.)

## **ALTERNATIVES FOR CONSIDERATION**

None

## **ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN**

### **Strategic Priority #1**

A Prosperous & Healthy Community

*WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.*

#### **Strategic Objective**

- 1.5 Support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.
- 1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

### **Strategic Priority #2**

Valued & Sustainable Services

*WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.*

#### **Strategic Objective**

- 2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.
- 2.2 Improve the City's approach to engaging and informing citizens and stakeholders.
- 2.3 Enhance customer service satisfaction.

### **Strategic Priority #3**

Leadership & Governance

*WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.*

#### **Strategic Objective**

- 3.1 Engage in a range of inter-governmental relations (IGR) work that will advance partnerships and projects that benefit the City of Hamilton.
- 3.4 Enhance opportunities for administrative and operational efficiencies.

## **APPENDICES AND SCHEDULES ATTACHED**

Appendix A to Report CS 14007: Ministry of Education 2014 funding announcement