

HS-A1-1

DATE: January 18, 2012

REPORT TITLE: **PROPOSAL TO REDIRECT CURRENT CHILD CARE FUNDING TO INCREASE SERVICE AND MEET THE NEEDS OF A CHANGING EARLY LEARNING AND CHILD CARE SYSTEM**

FROM: Janet Menard, Commissioner of Human Services

RECOMMENDATION

That the recommended role for the Region of Peel in early learning and child care, as identified in the report of the Commissioner of Human Services, dated January 18, 2012, titled "Proposal to Redirect Current Child Care Funding to Increase Service and Meet the Needs of a Changing Early Learning and Child Care System" be approved;

And further, that the closure of all Regionally-operated Learn.Play.Care. Child Care Centres by September 2012, be approved;

And further, that current funding for the direct delivery of child care be redirected to Purchase of Service (POS) centres to increase child care subsidy to 975 children, supports for special needs, and service priorities and enhancements;

And further, that affected families be supported with the transition, as outlined in the subject report;

And further, that staff report back to Regional Council on a proposed financial mitigation strategy for full fee paying parents, if required;

And further, that staff report back on the proposed use of Regionally-owned space, with consideration to the needs of the community and neighbourhoods;

And further, that Region of Peel continue to advocate to the Provincial government for 80 per cent cost sharing on Peel's investment in child care subsidy.

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REPORT HIGHLIGHTS

- The transformation of the early learning and child care system in Ontario, combined with increasing financial pressures and growing unmet service system needs, requires that the Region of Peel review its role to ensure the viability and ongoing sustainability of the early learning and child care system in Peel.
- By September 2012, half of Peel's four- and five-year-olds (approximately 14,332 children) will transition from the child care system to attend full-day kindergarten (FDK). FDK has significant impacts on the operations of child care operators that could place operational viability at risk.
- In 2011, given these changes, the Human Services Department retained KPMG to review the role that the Region should play in ensuring the long term sustainability of the early learning and child care system, including the Region's role in the direct delivery of child care.
- From February 2011 to May 2011, consultations occurred with 420 participants including community partners, child care providers, parents and staff.
- Based on extensive internal and external consultations, demographic trends, operational data and financial information, staff recommends that the Region strengthen its system manager role and close the 12 directly operated child care centres by September 2012.
- The affected children can be accommodated within the existing child care system in their local communities.
- This reinvestment plan will support fee subsidy for 975 children, including 582 new subsidized spaces, special needs and service priorities and enhancements.
- \$0.78 million of additional wage subsidy dollars will be redirected to other child care centres in Peel.

EXECUTIVE SUMMARY

In October 2009, Premier Dalton McGuinty announced the implementation of recommendations contained in the report of Dr. Charles Pascal, entitled *With our Best Future in Mind – Implementing Early Learning in Ontario*. Dr. Pascal's 20 recommendations included the phase-in of full-day kindergarten (FDK), characterized by classrooms that are jointly led by a teacher and early childhood educator (ECE), for four- and five-year-olds by 2014. As a system manager, the Region of Peel will be a significant contributor to the creation of the Province's vision of an integrated system of services for families and children prenatal-to-12 years of age.

In anticipation of the impact on the early learning and child care system in Peel, staff initiated a community process to determine how the Region's role may change, the steps necessary to ensure the viability of child care providers and the long-term sustainability of the system. This took the form of a review, involving broad consultation with related stakeholders (parents, staff, community leaders, government and child care providers) and the analysis of operational data and financial information.

The review and consultations sought input into two areas:

- Impact of the transition of 34,000 four- and five-year-olds from child care to FDK, by 2014, on the child care system and 445 child care centres
- Future role of the Region to ensure success and system sustainability

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The messages were clear:

- The Region must improve its supports by strengthening its role as system manager, facilitating change, advocating for more funding and focusing on building overall system capacity
- The Region has an important role in both providing and supporting the broader system in more specialized higher-cost service areas (e.g. special needs supports), as well as stabilizing and enhancing system-wide supports (e.g. quality initiatives such as Raising the Bar, Best Start Child and Family Centres, and data management)
- The Region, as system manager, does not need to be in the business of direct delivery of child care.

The review and analysis of key operating data and financial information identified:

- Unprecedented and growing need for child care subsidy in our community
- Disproportionate overinvestment of available funding into the Region's direct operation of its Learn.Play.Care. (LPC) Child Care Centres as compared to Purchase of Service (POS) agreement services through community-based centres (\$83 per day vs. \$40 per day respectively)
- Sufficient capacity amongst community child care providers to absorb children currently enrolled in the Region's LPC centres, plus additional capacity to accommodate more children if increased fee subsidy is made available
- Natural aging out of care to kindergarten and grade one that happens every September
- Transition of 243 four- and five-year-olds from the Region's LPC centres to FDK by September 2012
- Hiring of ECE's at Peel school boards to staff 318 new FDK classrooms

Given the above, staff recommends that the Region close its LPC centres by September 2012. Staff recognizes that implementation will significantly affect families, children and employees. Plans are in place to:

- Assist families in locating alternative child care
- Maintain fee subsidy for parents currently in receipt
- Continue support for children with special needs in their new child care arrangements, if required
- Continue collaboration with community partners to deliver special needs programs, such as infant-parent attachment and integrated nursery school programs
- Develop a model to increase supports and services and build the capacity of Peel's service system to meet the needs of children with special needs
- Continue to provide early literacy, family literacy supports (e.g. volunteer program and literacy specialist support to community partners) and support to children in shelters
- Review options with community partners regarding the provision of evening care
- Phase out employment for 145 full time and 101 casual/on-call employees
- Develop recommendations for the use of the Regionally-owned facilities with consideration for best use and the needs of affected neighbourhoods and communities, including interest from other providers around acquiring or renting space

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The result is staff's recommendation to:

- Strengthen the Region's role in system management and leadership
- Withdraw from the direct delivery of child care to the system, through the Region's 12 LPC centres by September 2012
- Redirect current funding to support fee subsidy for 975 children, including 582 new subsidized spaces, special needs and service priorities and enhancements
- Redirect current wage subsidy dollars totalling \$0.78 million to other child care centres in Peel

The introduction of FDK is a wonderful opportunity for Ontario's children. However, transitional impacts, combined with increasing pressures and growing demands, pose a risk to the viability of the early learning and child care operations and the overall system. The Region has been proactive in conducting this review and is considering bold changes to ensure successful outcomes for children in Peel. The revised role of the Region, as outlined in this report, is one that will help meet current and future system-wide needs and gaps, improve access to subsidized child care and position Peel to advocate for the 80 per cent Provincial matching of Regional 20 cent dollars for subsidy, which would ensure the long-term sustainability of the early learning and child care system in Peel.

DISCUSSION

1. Background

Human Services in Ontario are undergoing major transformation and legislative change as seen in new early learning and child care, housing and social assistance reform. In 2011, staff committed to reviews of the three program areas (a Term of Council Priority) to ensure that the Region is fulfilling its role as system manager and that Council is making the right investments in these programs to maximize benefits for Peel residents. This report is the result of the review that has occurred to understand the impacts related to Provincial changes in Early Learning and Child Care and in particular, FDK.

In November 2007, Premier Dalton McGuinty appointed Dr. Charles Pascal as special advisor on early learning and he commissioned a report on the best way to implement full-day learning for four- and five-year-olds. In June 2009, after extensive consultation, Dr. Pascal released his report, *With our Best Future in Mind – Implementing Early Learning in Ontario*, which contained 20 recommendations, including a recommendation that the Province phase-in FDK, characterized by classrooms that are jointly led by a teacher and early childhood educator, for four- and five-year-olds by 2014.

In October 2009, the Government of Ontario announced a FDK program for four- and five-year-olds. To date, 50,000 children have enrolled in FDK in 800 Ontario schools, with 50 per cent implementation by September 2012 and full implementation by September 2014 (Appendix I). To ensure a fully integrated system, the Province has transferred all early learning and child care responsibilities, including licensing and quality assurance, from the Ministry of Children and Youth Services to the Ministry of Education. Despite economic pressures, the Province has maintained the commitment to FDK and an aggressive implementation timeline. Additionally, the Province has provided increased transitional funding to support the 0-3.8 years age group. While appreciated, this funding is insufficient to meet our needs.

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Regional Council is on record as fully supporting the implementation of FDK as an important step to achieving an integrated prenatal-to-12 child and family service system and improving the outcomes of children in Ontario. Numerous studies show positive returns of between \$2 and \$17 for every dollar invested in child care programming, depending on the nature of the investment and need of the child. Affordable child care allows individuals and families to earn an income, participate in the economy, pay taxes and buy goods and services, and helps reduce the likelihood of costs related to the criminal justice, health, education and social services systems.

As part of the transition to FDK, approximately 5,832 four- and five-year-olds in Peel have enrolled in FDK in 50 schools. By September 2012, half of Peel's four- and five-year-olds will be enrolled in FDK (an estimated 14,332 students in 123 schools), with full enrolment of almost 34,000 children by September 2014. There will be high demand for FDK in Peel as the Peel District School Board and Dufferin-Peel Catholic District School Board are expected to serve the second- and fifth-largest kindergarten populations respectively in Ontario.

2. Current Situation

a) The Region of Peel's Current Role in the Early Learning and Child Care System

As a system manager, the Region oversees and supports the child care system in Peel, comprised of approximately 25,000 licensed spaces in 445 non-profit, commercial and home-based child care sites (Appendix II). Primary funding from the Ministry of Education and additional funding from the Ministry of Children and Youth Services support the Region's investment and responsibility to distribute fee subsidy, wage subsidy and special needs resource funding and to ensure contract compliance. The Region has POS agreements with approximately 147 service providers to provide fee and/or wage subsidy to approximately 363 sites.

As a service provider, the Region operates 12 LPC centres in Brampton and Mississauga, serving approximately 756 children, including an infant-parent attachment program, evening child care and an inclusive nursery school program (Appendix III). Four of the LPC centres operate from Regionally-owned properties while the remaining centres are leased from Peel Living, Peel District School Board, Sheridan College, City of Brampton and the City of Mississauga. The Region is also a primary provider in supporting children with special needs, in LPC centre classrooms, through qualified Resource Teachers.

b) Existing and Growing Need

i) Current Need

The lack of available child care fee subsidy is a serious and longstanding problem in Peel. The Region's available funding currently provides approximately 4,000 fee subsidy spaces or 16 per cent of total licensed spaces (serving approximately 8,000 children annually due to turnover throughout the year).

Although the Region currently funds more fee subsidy placements than ever before, the demand for subsidy – about 220 new applications per month – has driven the wait list to approximately 4,000 children, nearly equal to the number of existing fee subsidy spaces. At present, a family can expect to wait a minimum of 12 months

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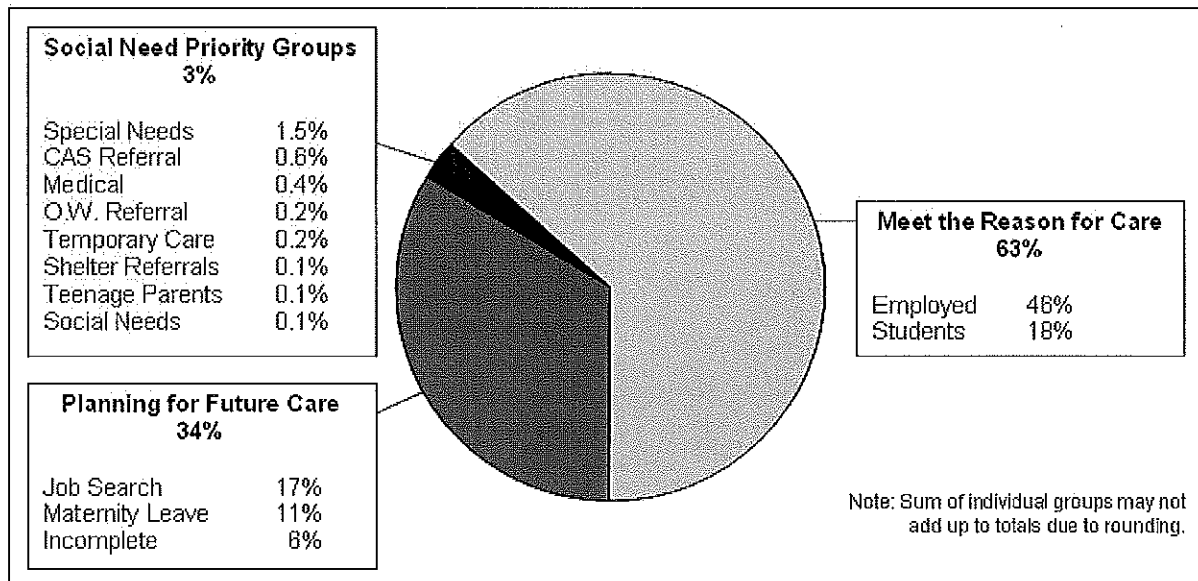
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before being offered fee subsidy. In the current situation, there are no available funds to increase the number of subsidized spaces.

As a result, for much of 2011, the Region was not able to offer any additional fee subsidies to non-priority groups. Priority is, however, given to children with medical conditions, teenage parents and referrals from Ontario Works, shelters and the Children's Aid Society.

There are 4,000 families, with financial eligibility approved, currently waiting for fee subsidy for their children, characterized in Figure 1.

Figure 1: Child Care Fee Subsidy Wait List (November 2011)



Families with children with special needs face unique challenges accessing child care. Although there are five agencies providing support to children with special needs in a child care setting, many community providers do not have trained staff with the expertise needed to care for children with special needs and many require additional support from a resource teacher. As of December 2011, there are over 200 children with special needs waiting for support from a special needs resourcing agency. In addition, 142 children are on the wait list to receive subsidy and/or are waiting for access to special needs supports.

Many families on the fee subsidy wait list are paying full rates for child care while waiting for subsidy. In Peel, the average daily rate among POS centres is \$40 (weighted to recognize age differences and costs). Based on 261 days of care, this amounts to an annual cost of \$10,440 or over half (52 per cent) of a low income family's net adjusted income of \$20,000.

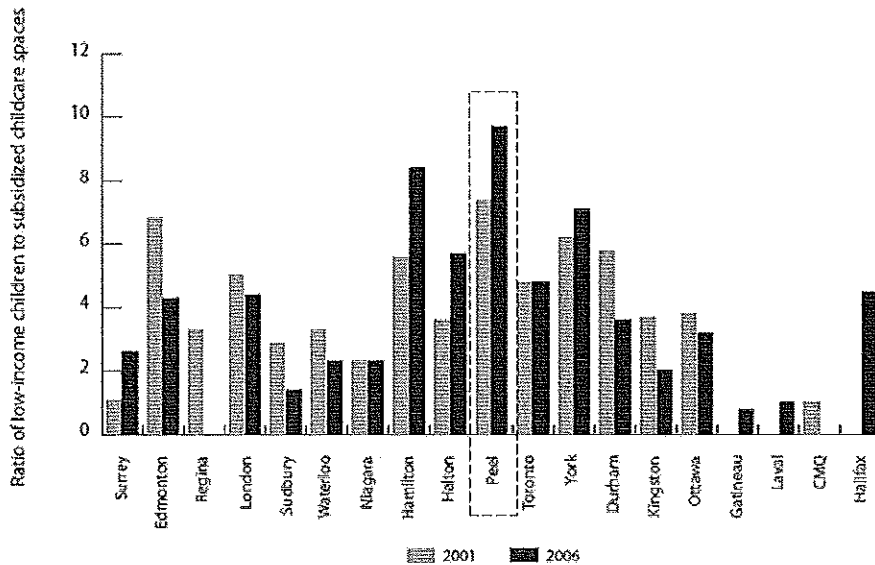
Appendix IV outlines daily fees (and annual costs) that parents can expect when paying full fees to centres where the Region has a POS agreement, and what this represents as a percentage of an annual net adjusted family income of \$20,000 or lower. Due to staff ratio requirements, the costs for infants and toddlers are higher than for preschool and school-age children.

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A 2010 Federation of Canadian Municipalities Quality of Life Reporting System (FCM-QOLRS) report found that, in 2006, Peel had nine children living in low income for every available subsidized child care space, the highest ratio among all large municipalities in Canada (Figure 2). Peel recorded the highest ratio of low income children to child care services in 2001 and 2006. Access to affordable child care further deteriorated during this time due to rapid growth in the number of children living in low income far exceeding increases in the number of subsidized child care spaces.

Figure 2: Ratio of Low Income Children to Subsidized Spaces (2006)



Source: Municipal Data Collection Tool and Statistics Canada, Census Division, 2001, 2006
 Note: Data unavailable for Vancouver, Calgary, Saskatoon, Regina (06), Gatineau (01), CMQ, Laval (01), CMQ (06), Halifax (01).

In 2006, nearly one of five children (19.8 per cent) in Peel lived in low income. As evident in Table 1, Peel has the third-highest low income rate for young children among the six municipalities in Greater Toronto Area-Hamilton (GTAH).

Table 1: Per cent of Children Aged 0-6 Years Living in Low Income (Before Tax)

Greater Toronto Area-Hamilton (GTAH) (2006)	
Geography	Per cent of Children Aged 0-6 Years Living in Low Income
Toronto	32.1
Hamilton	26.2
GTAH	22.3
Peel	19.8
Canada	19.3
Ontario	19.2
York	13.1
Durham	12.3
Halton	8.7

Source: 2006 Statistics Canada Census

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ii) Current Need

Population and demographic factors will place an additional pressure on Peel's early learning and child care service system. Peel recorded the second-highest growth rate among large municipalities in Ontario (18 per cent population increase from 2001 to 2006). Unlike many neighbouring municipalities, Peel's school boards forecast high demand for FDK and are building new schools in high growth areas. Population forecasts, in line with the Regional Official Plan, suggest that Peel's kindergarten population (four- and five-year-olds) will record the largest growth rate (approximately 11 per cent) among children aged 0-12 years between 2011 and 2016. This growth will take place during most of FDK implementation. Furthermore, the preschool (three-year old) and kindergarten (four- and five-year-old) age groups are expected to record the largest overall population increases (20 per cent) among children aged 0-12 years between 2006 and 2031 (see Appendix V).

All of this information points to the need to obtain maximum benefit from funds available for subsidy. The proposal in this report will address that issue.

3. System Review Process

On February 21, 2011, staff provided Regional Council with an information report entitled "Transforming the Early Learning and Child Care System: Ensuring Success" (Report # HS 11-12) to provide Council with a preliminary status of FDK and to identify key system supports required for successful program implementation in Peel. This followed a visioning session with the community in late 2009, with Dr. Pascal in attendance, and planning that had already begun in anticipation of the many resulting changes.

In addition, to support this work, KPMG was retained to facilitate a process to review the role that the Region should play in ensuring the long-term sustainability of the early learning and child care system, including the Region's role in the direct delivery of child care (a copy of the KPMG report may be accessed by contacting the Commissioner of Human Services).

This review included an examination of the Region's directly operated programs and services and system supports to identify issues and needs within the evolving early learning and child care system. The scope of the review included extensive stakeholder consultations and analysis to identify opportunities and facilitation of a decision-making process to determine a preferred option for the Region's future role within the early learning and child care system.

The work was guided by principles contained in Appendix VI. Figure 3 provides an overview of the project approach with timelines and key activities within each phase. Phases included meetings with 175 child care providers on the impact of FDK and stakeholder consultations with over 420 participants on the role of the Region.

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In fact, at the time, 47 per cent of providers reported that their centres would be negatively affected by system changes. Information from surveys sent to child care centres in Peel confirmed the above and revealed that:

- From August to December 2010, 63 ECE teachers left 39 centres for FDK
- From July to September 2011, an additional 79 ECE teachers left 32 centres

With the phased implementation of FDK, system demand will increasingly evolve toward spaces for infants and toddlers. These younger age groups have higher staff ratios (1:3 and 1:5 as compared to 1:8 to 1:15 for older age groups) and are more expensive to care for, making child care cost-prohibitive for many parents and service providers, unless the system is also re-aligned.

b) Consultations: The Role of the Region of Peel

The stakeholder consultation process was designed to gather insights and perspectives on the strengths, challenges and opportunities related to the Region's role in the early learning and child care system. Over 420 stakeholders were engaged in this process, including staff, community partners and parents. These stakeholders provided feedback and input into two areas:

- The Region's strengths and challenges as system manager for early learning and child care and as service provider in the delivery of child care
- Role of the Region in the evolving early learning and child care system, as both system manager and service provider.

A summary of key themes from stakeholder consultations is available in the KPMG report.

In summary, information given by community partners is that the Region provides a high standard of early learning and child care but that the Region's focus should be on system management, planning and advocacy and not on direct delivery of child care. They felt that the roles of system manager and service provider were competing and that the Region's role in service delivery should be limited to high needs and resource-intensive services and gaps.

c) Financial Review

A necessary component of the review process was an in-depth analysis of financial investment currently being made into early learning and child care, and, in particular, Regionally-operated LPC centres and community-based POS centres.

As a system manager, the Region is responsible for the delivery of child care programs by managing the distribution of fee and wage subsidies to child care operators. Funding costs are 80 per cent provincially funded and 20 per cent municipally funded, except for Best Start funding which is 100 per cent funded by the Province. As such, the municipal 20 per cent cost share must be included in the annual operating budget as a mandatory program.

The challenge facing the Regionally-operated centres is that they require a higher allocation of subsidies and municipal funding in order to continue to operate at existing

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service levels. Continuing to operate in this manner is not sustainable and limits the Region's ability to reduce the service level gap.

The analysis shows that the average per diem rate for LPC centres is \$83, compared to an average per diem rate of \$40 for external providers, and that full fee parents in the Region's LPC centres are also indirectly subsidized. The analysis indicated that funds currently invested in the Regionally-operated LPC centres could be used to create significantly more subsidized child care spaces in the system if redirected to our community partners and that this reinvestment would also contribute to operational viability and the ongoing sustainability of the system.

5. Recommendations for the Role of the Region of Peel

Based on analysis of the current and future state of early learning and child care, stakeholder consultations, and financials, staff recommends that the Region adopt an increased system manager role with a strengthened focus on capacity building and a revised role that transitions the Region out of the direct delivery of early learning and child care.

The proposed model:

- Increases child care subsidies through POS agreements
- Maintains fee subsidy for parents currently in receipt
- Redirects wage subsidies to support the child care system
- Maintains a focused direct delivery role for the Region for children with special needs in community child care settings
- Collaborates with other special needs agencies to develop a special needs system strategy that maximizes collective resources
- Continues to support infant-parent attachment and integrated nursery school programs delivered in community child care settings
- Continues to provide early literacy and family literacy supports (e.g. volunteer program and literacy specialist support to community providers) as well as supports to children in shelters
- Supports evening programs provided through community settings
- Advances integration across the broader service system by working with community partners to strengthen supports that will optimize service for children and families

The resulting reallocation of funds from direct delivery to fee subsidy and system management supports will help to address two unmet needs:

- Increased need for fee subsidy in Peel
- Growing vacancies and resulting instability in Peel's early learning and child care system

While this direction will have an impact on children, families and staff at Regionally-operated centres, the revised role for the Region will leverage resources to increase system-wide subsidies and maximize existing investments. Realignment of funds will result in increased investment for fee subsidy and system planning and management which will help the early learning and child care system to adapt to system pressures and transformation.

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6. Financial Realignment

The resulting change in the Region’s role in system management and direct delivery requires the realignment of funding to achieve desired outcomes. Based on the financial analysis of staff, \$12.8 million in annualized funding can be redirected from the direct delivery of child care to POS centre subsidies, special needs and service priorities and enhancements. In addition, \$0.78 million in wage subsidies can be redirected to other child care centres in Peel.

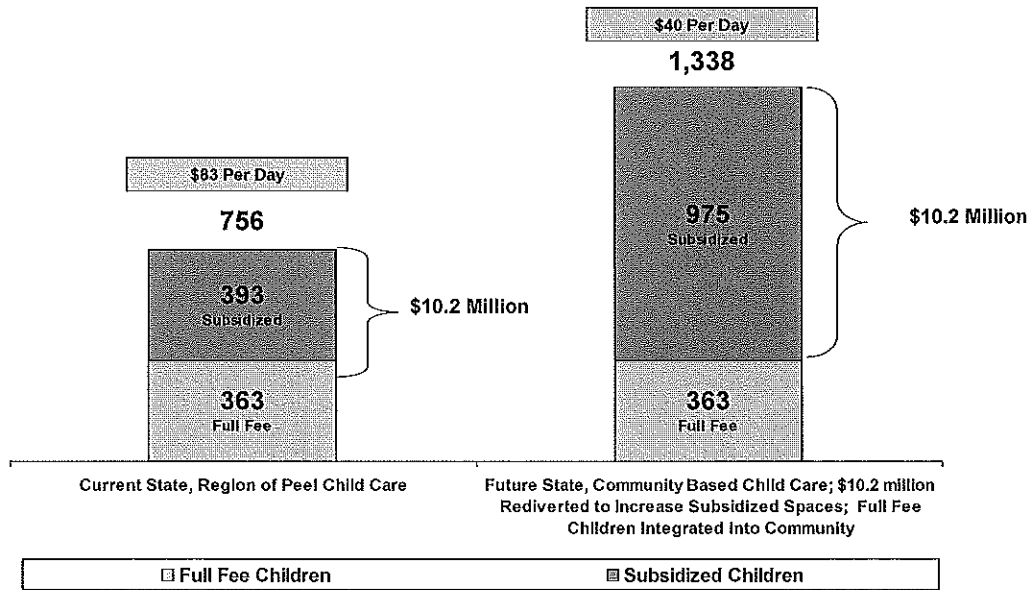
After significant analysis of opportunities and needs, staff recommends that \$10.2 million be redirected for child care fee subsidies and \$2.6 million for special needs and service priorities and enhancements. The recommendation would result in the following:

1. Fee subsidies that currently supplement full fee paying parents would be redirected to serve children on the waitlist
2. Redirection of child care from LPC centres with an average cost of \$83 per day to external centres with an average cost of \$40 per day
3. Increasing the number of subsidized spaces from 393 to 975

Based on the above recommendation, Figure 4 illustrates the additional subsidized spaces that could be added to the child care system as a result of the redirection of the \$10.2 million.

Staff have assumed that the current full fee paying parents in the LPC centres will migrate to external centres. As previously mentioned, a mitigation strategy will be developed for those full fee parents currently enrolled in the LPC centres, if required.

**Figure 4: Child Care Spaces Comparison
Before and After Snapshot**

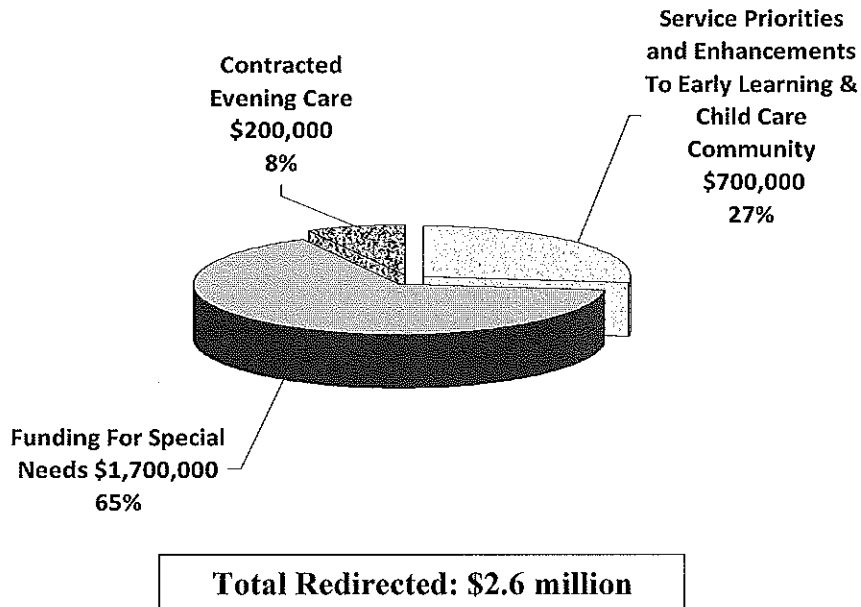


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As illustrated in Figure 5, the remaining \$2.6 million will be redirected to special needs, service priorities and enhancements and evening care.

Figure 5: Redirection of Funds to Special Needs and Service Priorities and Enhancements



7. Staff Implications

The recommendations contained in this report have significant implications for staff working in Regionally-operated LPC centres and supporting the work of the centres. The change in the Region's role would result in the reduction of 246 employees and some internal realignment of resources to support the incremental responsibilities related to the strengthened system manager role and the increased allocation of subsidy.

8. Implementation Plan

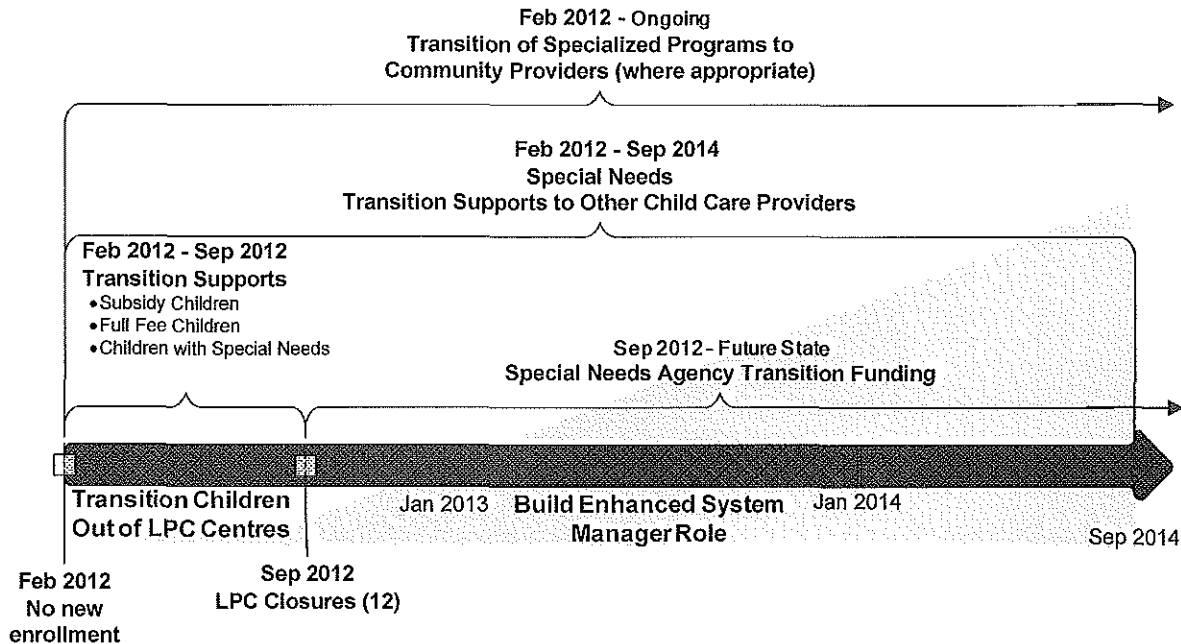
The transition to the recommended role and, in particular, the withdrawal from the direct delivery of child care, was carefully deliberated by the Steering Committee, Project Team and Executive Management Team (EMT), giving consideration to the impacts on parents and children, Regional employees and the capacity of POS service providers to absorb affected children. The resulting recommendation is that closure of all 12 LPC centres occur by September 2012.

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Figure 6 outlines the timelines and high level activities associated with implementation.

Figure 6: Transition and Implementation Timeline to Recommended Role



This recommendation considers and optimizes the following facts:

- Half of children currently enrolled in the LPC centres will transition to the education system by September 2012. If enrolment is stopped immediately, and with natural aging out of child care and transition of four- and five-year-olds to FDK, approximately 417 children will remain in LPC centres by September 2012. This does not consider the withdrawal of children, in the interim, on a voluntarily basis or the transition of some children to half-day kindergarten.
- Peel school boards are beginning recruitment of ECE's for the September ramp up of FDK, which requires that they absorb an additional 8,500 children into their schools. While school boards have hiring procedures that must be adhered to, this timing will allow Peel ECE's from LPC centres (who are known to be both well trained and committed teachers) to apply for employment with school boards and our other community providers.
- A prolonged implementation period will be difficult for staff and children and could result in challenges to sustain ongoing operations due to loss of staff and children.
- Seven months allows for:
 - Identification of alternative space for infant-parent attachment and integrated nursery school programs for children with special needs
 - Adequate support and transitioning of all 84 children with special needs (68 diagnosed, 16 undiagnosed) currently enrolled in LPC centres, if required
 - A review of options with community partners regarding provisions of evening care

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- A December 2011 survey of child care providers has confirmed that there is adequate system capacity to accommodate 417 children affected by the closure of the LPC centres
 - 1,124 vacancies exist in the immediate areas surrounding the 12 LPC centres (excluding licensed home care)
 - 215 vacancies exist in areas not surrounding the 12 LPC centres but within Peel Region
 - 453 vacancies reported among licensed home providers in Peel Region

Table 2 provides an overview of the transition of current LPC centre enrolment (as of November 2011) to the education system and children remaining by September 2012.

**Table 2: Current LPC Centre Active Enrolment (November 2011)
Projected To September 2012**

Total	756
Children Transitioning to Education System	339
• Children aging into Grade One (September 2012)	100
• Children transitioning to FDK (September 2012)	202
• Children with special needs with FDK opportunities (September 2012)	37
Children Remaining	417
• Full fee	224
• Subsidized	162
• Special needs (Diagnosed)	31

Note: Children with undiagnosed special needs are included in all categories other than those referencing children with special needs

Transition support will be provided to families and employees as follows:

- One-on-one support will be provided to each family, if desired, to assist in the relocation of their children
- Fee subsidy will be maintained for parents currently in receipt. The loss of space in an LPC centre does not mean the loss of subsidy
- The relationships between existing resource teachers and special needs children will be maintained through a transition period and beyond in some cases. Resource teachers will work with families to determine priorities and negotiate new care arrangements
- The financial impact of moving from an LPC centre to other centres, for full fee paying parents, will be assessed (Regionally-operated centres generally charge \$3-\$5 less per day) and a mitigation plan will be recommended to Council for endorsement, if required
- Continuation of specialized programming and special needs services affecting 50 children will be assured (possibly relocated)
- Staff reduction will be phased but all affected employees will be provided with a range of supports and severance commensurate with their length of service

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In addition, staff will complete an analysis of best use for the affected Regionally-owned facilities, with consideration for the needs and priorities of neighbourhoods and communities and interest in these properties from community partners and/or child care providers. Accordingly, a plan will be brought to Council with recommendations for consideration including any related costs.

FINANCIAL IMPLICATIONS

The proposed recommendations will result in the redirection of \$12.8 million in annualized funding from direct delivery to POS and other child care priorities. Staff is recommending \$10.2 million be redirected for child care fee subsidies and \$2.6 million for special needs and service priorities and enhancements. In addition, \$0.78 million in wage subsidies can be redirected to support other child care centres in Peel.

The proposed recommendation will require a one-time contingent administrative expenditure of approximately \$12.4 million, of which up to \$10.1 million is related to employee severance and Human Resource costs and \$2.3 million is related to facility and temporary support costs. To ensure that services to children and families are not affected, these one-time transition costs will be funded by drawing upon 2011 year-end tax supported Regional surplus, and the balance from tax supported working fund reserves.

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PROPOSAL TO REDIRECT CURRENT CHILD CARE FUNDING TO INCREASE SERVICE AND MEET THE NEEDS OF A CHANGING EARLY LEARNING AND CHILD CARE SYSTEM


CONCLUSION

Staff is recommending a revised role for the Region of Peel in early learning and child care that will strengthen its responsibilities in system management. This involves:

- The withdrawal of the Region from direct delivery of child care by September 2012
- Fee subsidy support for 975 children, including 582 new subsidized spaces
- Increased supports for special needs as well as service priorities and enhancements

It is important that the record reflect that this policy recommendation by management and the Steering Committee is not a reflection of any concerns or issues related to LPC centre employees or the care and learning that they have provided. To the contrary, they are dedicated and hard working with a demonstrated commitment to children and families that is second to none. They continue their learning and development so that they can provide the best possible care for children and families. Many of them also volunteer their personal time towards Regional and community-based initiatives, simply because they care. They are our colleagues and we are proud of them and indebted to them for their collective years of services. As such, this recommendation has not come easily. However, as leaders and a system manager responsible for thousands of families and individuals that face personal and financial challenges at times throughout their lives, we are compelled to recommend changes that create additional opportunities for more children and families.

Council's support and guidance is appreciated.



Janet Menard
Commissioner of Human Services

Approved for Submission:



D. Szwarc, Chief Administrative Officer

- c. Legislative Services
Manager, Financial Support Unit (FSU)



PROPOSAL TO REDIRECT CURRENT CHILD CARE FUNDING TO INCREASE SERVICE AND MEET THE NEEDS OF A CHANGING EARLY LEARNING AND CHILD CARE SYSTEM

APPENDIX I

FORECASTED FDK IMPLEMENTATION IN PEEL REGION: 2010-2015

Year	Board	Schools	Classrooms	Students
Year 1 (Actuals) 2010	PDSB	20	115	3,208
	DPCDSB	16	49	1,274
	Total	36	164	4,482
Year 2 2011	PDSB	6	31	830
	DPCDSB	8	20	520
	Total	14	51	1,350
Year 3 2012	PDSB	40	207	5,620
	DPCDSB	31	103	2,678
	French Catholic	2	8	202
	Total	73	318	8,500
Year 4 2013	PDSB	43	180	4,593
	DPCDSB	23	71	1,846
	French Catholic	1	3	69
	French Public	2	8	225
	Total	69	262	6,733
Year 5 2014	PDSB	52	385	9,367
	DPCDSB	42	131	3,406
	French Catholic	1	3	73
	Total	95	519	12,846
Total (Years 1-5) 2010-2014	PDSB	161	918	23,618
	DPCDSB	120	374	9,724
	French Catholic	4	14	344
	French Public	2	8	225
	Total	287	1,314	33,911

Notes:

DPCDSB figures include schools located in Dufferin County that may include parts of Peel in school boundaries.

Year 1 and 2 PDSB classroom and student figures are based on actuals and current enrolment. Years 3, 4 and 5 PDSB classroom and student figures are based on current forecasts.

Year 1 DPCDSB classroom figures are based on actuals. Years 2, 3, 4 and 5 DPCDSB classroom figures are based on current forecasts. DPCDSB student figures are based on an assumption of 26 students per classroom.

Sources: PDSB, DPCDSB and OCCMS current and forecast data (as of December 13, 2011)

PROPOSAL TO REDIRECT CURRENT CHILD CARE FUNDING TO INCREASE SERVICE AND MEET THE NEEDS OF A CHANGING EARLY LEARNING AND CHILD CARE SYSTEM

APPENDIX II

OVERVIEW OF EARLY LEARNING & CHILD CARE SYSTEM IN PEEL REGION (DEC. 2011)

Overview of Early Learning and Child Care in Peel	Sites	Per cent of All Sites	Maximum Licensed Spaces	Per cent of System Licensed Spaces
Purchase of Service (excluding LPC Centres)	363	81.6%	18,881	73.7%
Fee Subsidy Only	263	59.1%	16,784	65.5%
Fee & Wage Subsidy	64	14.4%		
Wage Subsidy Only	36	8.1%	2,097	8.2%
Non-Purchase of Service	70	15.7%	3,370	13.2%
Learn.Play.Care. Centres – Region of Peel	12	2.7%	864	3.4%
Extended Day	24		545	2.1%
Home Care	10	2.2%	1,958	7.6%
Total	445	100.0%	25,618	100.0%

Note: Extended day sites are counted together with school-based fee subsidy-receiving programs.

Licensed Spaces by Age Group Placement	Infant	Toddler	Preschool	Kindergarten	School-Age	Total
Learn.Play.Care. (LPC) Centres – Region of Peel	10 1.2%	150 17.4%	650 75.2%	24 2.8%	30 3.5%	864 100.0%
POS centres (excluding Home Care)	423 2.2%	1,575 8.1%	6,012 30.9%	1,983 10.2%	9,433 48.6%	19,426 100.0%
Non-POS centres (excluding Home Care)	107 3.2%	506 15.0%	2,174 64.5%	304 9.0%	279 8.3%	3,370 100.0%
Total POS, LPC and Non-POS (excluding Home Care)	540 2.3%	2,231 9.4%	8,836 37.3%	2,311 9.8%	9,742 41.2%	23,660 100.0%

Note: Licensed Capacity is the maximum total number of spaces that can be enrolled at a centre. Child care providers may switch to lower MCYS-approved alternate licensed capacities with different age group program sizes to better meet centre needs and program needs and to better accommodate staffing levels. Licensed capacity differs from active enrolment or operating capacities which vary due to changes in enrolment, physical space, and staffing levels.

Source: OCCMS and operational data as of December 13, 2011.

**PROPOSAL TO REDIRECT CURRENT CHILD CARE FUNDING TO INCREASE SERVICE
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APPENDIX III

REGIONALLY-OPERATED LEARN.PLAY.CARE. (LPC) CHILD CARE CENTRES

Municipality	LPC Centre Name	Address	Regional Ward	Owned/Leased
City of Brampton	Brampton West Learn.Play.Care. Centre	9996 Kennedy Road North, L6V 0A1	Brampton Ward 1	Owned
City of Brampton	Chinguacousy Learn.Play.Care. Centre	1 Knightsbridge Road, Unit B, L6T 3Y6	Brampton Ward 8	Owned
City of Brampton	Collegeside Learn.Play.Care. Centre	7899 McLaughlin Road, L6Y 5H9	Brampton Ward 3	Leased (Sheridan College)
City of Brampton	Greenbriar Learn.Play.Care. Centre	1100 Central Park Drive, L6S 2C9	Brampton Ward 7	Leased (City of Brampton)
City of Brampton	Howden Learn.Play.Care. Centre	150 Howden Boulevard, L6S 2G1	Brampton Ward 8	Leased (City of Brampton)
City of Mississauga	Cooksville Learn.Play.Care. Centre	30 Hanson Road, L5B 3A7	Mississauga Ward 7	Leased (Peel Living)
City of Mississauga	Ernest Majury Learn.Play.Care. Centre	1320 Williamsport Drive, L4X 2T6	Mississauga Ward 3	Owned
City of Mississauga	Lancaster Learn.Play.Care. Centre	7425 Netherwood Road, L4T 2N7	Mississauga Ward 5	Leased (Peel District School Board)
City of Mississauga	Malton Learn.Play.Care. Centre	3500 Morning Star Drive, L5T 1Y2	Mississauga Ward 5	Leased (City of Mississauga)
City of Mississauga	Ridgeway Learn.Play.Care. Centre	3595 Ridgeway Drive, L5L 5T4	Mississauga Ward 8	Leased (Peel Living)
City of Mississauga	Streetsville Learn.Play.Care. Centre	114 Falconer Drive, L5N 1B4	Mississauga Ward 11	Owned
City of Mississauga	The Valley Learn.Play.Care. Centre	1275 Mississauga Valley Boulevard, L5A 3R8	Mississauga Ward 4	Leased (City of Mississauga)

PROPOSAL TO REDIRECT CURRENT CHILD CARE FUNDING TO INCREASE SERVICE AND MEET THE NEEDS OF A CHANGING EARLY LEARNING AND CHILD CARE SYSTEM

APPENDIX IV

DAILY FULL FEES AT PURCHASE OF SERVICE (POS) CENTRES IN PEL REGION

Cost (Range) in Purchase of Service (POS) Centres in Peel Region by Age Group (Jan 2012)

Age Group	2011 Daily Fee for POS Centres (Range)	Yearly Cost (Range based on 261 days of care)	Per cent of Yearly Net Adjustment Income of \$20,000
Infant (Full-Time)	\$39.00 - \$68.40	\$10,179 - \$17,852	50.9% - 89.2%
Toddler (Full-Time)	\$36.00 - \$56.20	\$9,396 - \$14,668	47.0% - 73.3%
Preschool (Full-Time)	\$34.00 - \$49.20	\$8,874 - \$12,841	44.4% - 64.2%
School-Age (Before & After School)	\$17.00 - \$29.80	\$4,437 - \$7,778	22.2% - 38.9%
School-Age (Full-Time)	\$30.00 - \$49.20	\$7,830 - \$12,841	39.2% - 64.2%

Note: Full-time refers to care of five days per week.

Source: OCCMS (January 2012)

Profile of Households Receiving Child Care Fee Subsidy in Peel Region (November 2011)

Family's Adjusted Annual Income	Number of 1-Parent and 2-Parent Households	Per cent of Total	Parental Contribution	Income Test - Parent Daily Fee
\$0 - \$20,000	1,563	46.1%	None (full subsidy)	\$0 per day
\$20,001 - \$60,000	1,732	51.1%	10% of the adjusted net income between \$20K - \$40K PLUS 20% of adjusted net income over \$40K	\$0 - \$30.65 per day
\$60,001 - \$110,000	93	2.8%	10% of the adjusted net income between \$20K - \$40K PLUS 20% of adjusted net income over \$40K	\$30.65 - \$88.12 per day

Note: A household may have more than one child receiving fee subsidy. This results in a lower number of households than number of children receiving subsidy and a higher parent daily fee.

Source: OCCMS (November 30, 2011)

PROPOSAL TO REDIRECT CURRENT CHILD CARE FUNDING TO INCREASE SERVICE AND MEET THE NEEDS OF A CHANGING EARLY LEARNING AND CHILD CARE SYSTEM

APPENDIX V

2006-2031 AGE FORECASTS FOR PEEL REGION

Age Groups	2006	2011	2016	2011-2016 Growth Rate	2031	2011-2031 Growth Rate
0-1 Years (Infants)	31,290	35,110	36,550	4.1%	40,660	13.6%
2 Years (Toddler)	15,940	17,000	18,320	7.8%	20,670	17.8%
3 Years (Preschool)	15,580	17,060	18,280	7.2%	20,790	17.9%
4-5 Years (JK/SK)	31,360	33,390	37,080	11.1%	41,810	20.1%
6-12 Years (School Age)	120,180	116,670	127,080	8.9%	146,630	20.4%
0-12 Years (Total)	214,350	219,230	237,310	8.2%	270,560	19.0%

Notes:

Sum of individual figures may not add up to totals due to rounding.

Forecasts are derived from higher level forecasts at the Greater Toronto Area-Hamilton (GTAH) level which distribute population and employment based on housing and employment by type.

Forecasts are determined through a standard cohort survival model which factors in births and deaths of existing population, migration levels and migration age structure.

Single year forecasts were calculated by interpolating five-year age groups.

Forecasts are in line with population forecasts contained in Regional Official Plan Amendment (ROPA) 24.

Source: 2011 Hemson Consulting Single Year Age Forecasts (2006 Base Year)

PROPOSAL TO REDIRECT CURRENT CHILD CARE FUNDING TO INCREASE SERVICE AND MEET THE NEEDS OF A CHANGING EARLY LEARNING AND CHILD CARE SYSTEM

APPENDIX VI

REGION OF PEEL EARLY LEARNING AND CHILD CARE REVIEW GUIDING PRINCIPLES

- Deliver services through a holistic approach that is inclusive, accessible and child and family centered.
- Ensure that child and family programs are of high quality, incorporating current research and best practices and reflecting the true needs of children and families in Peel.
- Build community capacity to deliver high quality early learning and child care programs.
- Ensure flexibility and ability to proactively respond to changing community needs and trends.
- Ensure that the processes to integrate early learning and child care programs are fair, transparent, accountable and communicated in a timely manner.
- Leverage community collaboration and system partnerships effectively.
- Optimize financial resources to maximize the investment in the early learning and child care system.