



	REPORT No.: 2021-30
MEETING DATE: JULY 15, 2021	DATE PREPARED: JUNE 17, 2021
SUBJECT: CHILD CARE CENTRE VIABILITY	

RECOMMENDATION

THAT with respect to Report No. 2021-30 we, The District of Thunder Bay Social Services Administration Board (the Board), receive information on the status of the District of Thunder Bay child care service system and direct Administration to implement a comprehensive review of the child care service system including a financial viability model;

AND THAT Administration determine the viability of child care operations based on the review;

AND THAT following that review, Administration will provide, for the Board's approval, a child care sustainability plan for the District of Thunder Bay child care service system.

REPORT SUMMARY

To provide The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) with information that supports a comprehensive review of the District of Thunder Bay child care service system financial viability.

BACKGROUND

On October 25, 2019, in a memorandum from the Ministry of Education Early Years and Child Care Division, it was announced that as of January 1, 2020, the 37 Consolidated Municipal Service Managers and 10 District Social Services Administration Boards (collectively: service system managers (SSMs) were asked to cost-share child care expansion plan operating funding at a rate of 80% provincial/20% municipal. While cost sharing was recommended, the Ministry committed to providing the full provincial allocation regardless of the SSM contribution.

On January 1, 2021, SSMs were asked to continue cost sharing expansion plan operating funding at a rate of 80/20 and were required to cost share all child care administrative funding at a rate of 50/50.

On January 1, 2022, the threshold for allowable administrative funding SSMs can spend on child care is scheduled to be reduced from 10% of overall budget to 5%, in addition to the ongoing cost sharing requirements previously introduced. The changes through 2020 are reflected in the current guidelines and future versions of the guidelines will reflect the changes occurring in that year.

Since 2019 the province has shared that an updated child care funding formula is being developed in a transparent approach to funding that responds to demand for services and helps stabilize fees and improves reliability of child care to support licensees and parents. With the COVID-19 pandemic and the continued impact on families and the child care sector, the implementation of an updated child care funding formula has been put on hold to ensure a more stable funding approach in 2021.

The Ministry's intention is to resume engagement on an updated formula, which will aim to promote greater equitability, predictability, transparency and responsiveness while reducing administrative burden. The Ministry is aiming to implement the updated child care funding formula in 2022, while continuing to consider the impact of the COVID-19 pandemic.

Funding levels for 2021 remained stable in response to the impact of the COVID-19 pandemic to support the child care system to remain sustainable during this unprecedented time.

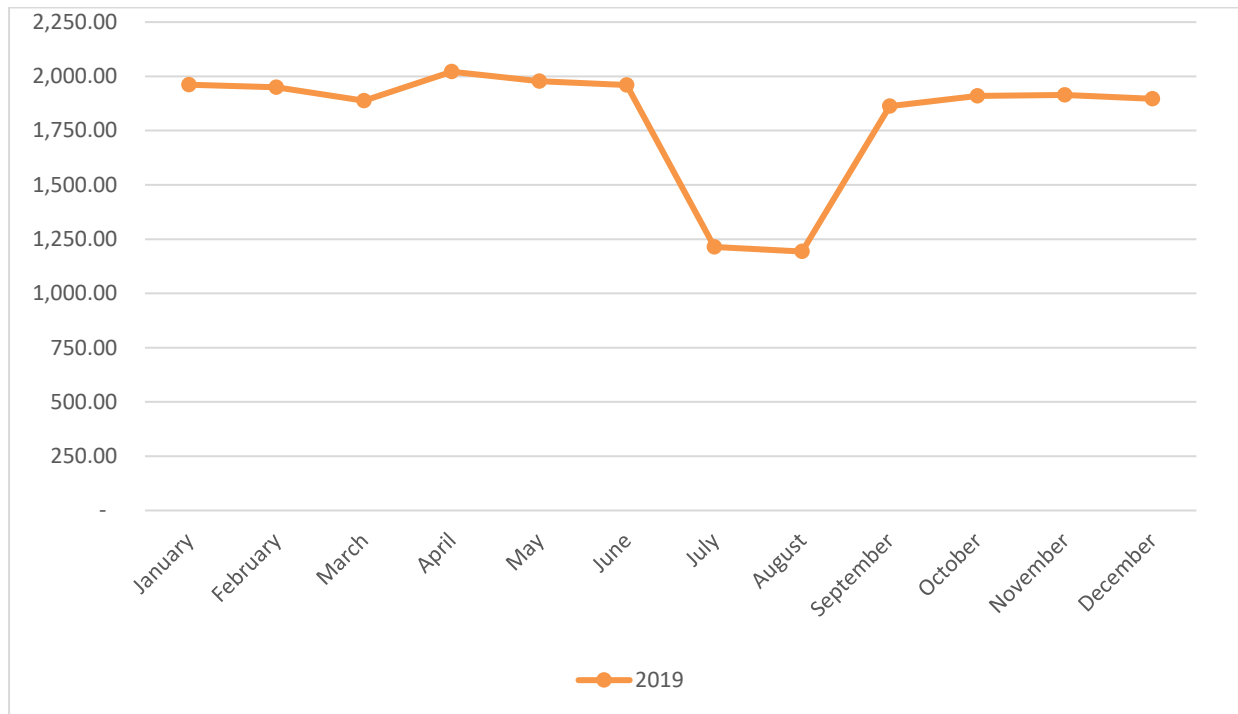
COMMENTS

For the purpose of this report, Administration will be highlighting the child care system for the year 2019, as it was the last "normal" year prior to the pandemic.

In 2019, TBDSSAB had service agreements with 20 child care operators that supported 45 child care sites as well as 11 licensed home child care providers. There were 2,591 licensed spaces in the system with a utilization that, at its peak, reached 2,021 licensed spaces utilized (see Chart 1).

Occupancy data collected for each child care centre is based on "Full Day Equivalent" (FDE). In some instances, there are more than one child being served in a FDE space, due to shared spaces as a result of less than full time attendance by a child. In 2019, 2,690 children were served across the child care system.

Chart 1 – Utilized Spaces by Month



Funding Model

The current funding model is based on three major priorities:

1. Fee Subsidy

Funding is based on the averaged previous years’ expenditures and is provided to reduce the costs of child care to families.

2. Special Needs Resourcing

A fixed cost based on the service agreement with the service provider to provide specialized support where required by a child.

3. General Operating Grant

The remaining funding allocation after the above amounts have been determined as well as other child care based expenditures to support the not-for-profit child care operations to remain sustainable.

The funding formula being implemented for General Operating Grants is based the following two step process:

Step 1:

operating capacity x points per space x number of months open / operating hours per week range = total points

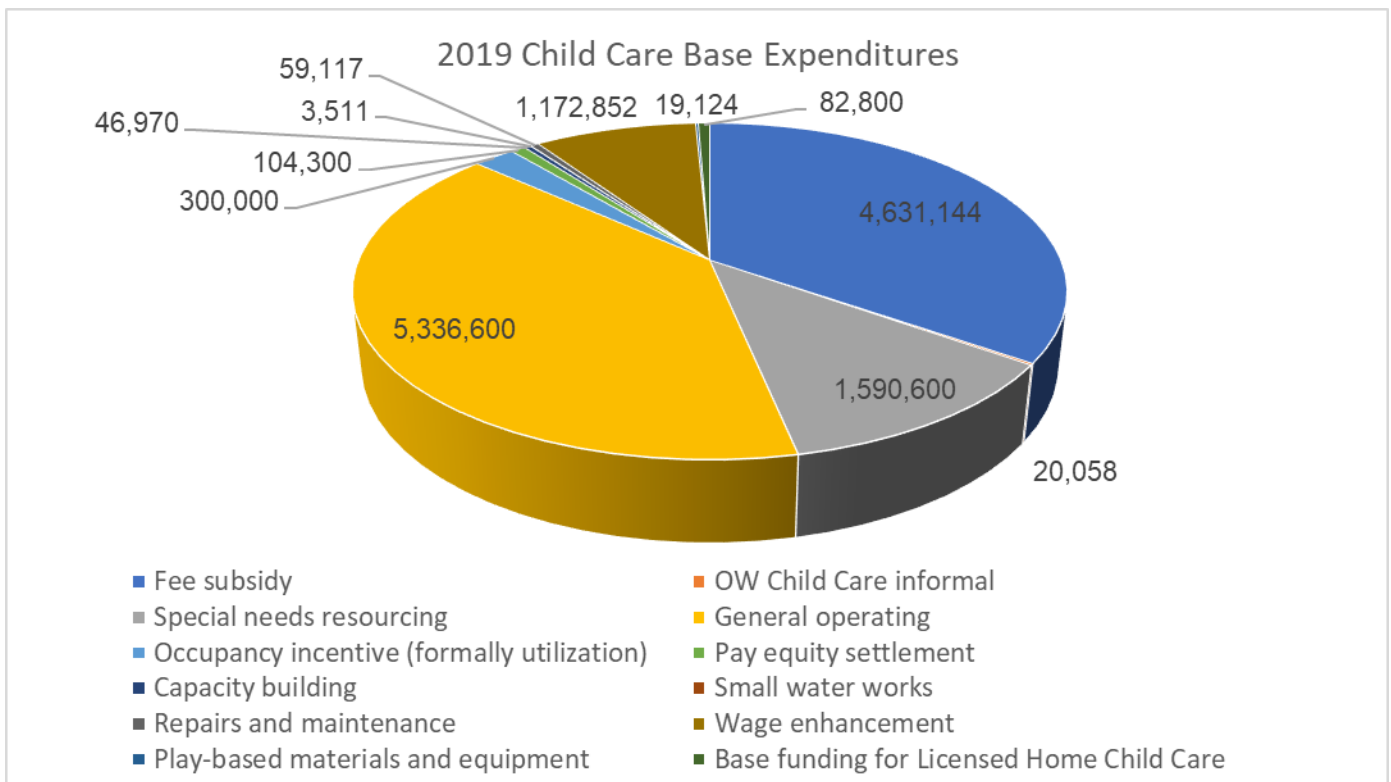
Step 2:

total points x dollars per point = total General Operating Grant

Points per Space is a calculation that assigns a different number of points to the various age categories of child care. For example, an infant space receives 42 points, while a school-aged space receives 4 points. This accounts for the different costs incurred by the child care centre associated with each age category. The actual dollar per point is based on the overall general operating allocation for any given year.

The 2019 child care base expenditures were \$13,367,076. The following chart explores the breakdown of expenditures:

Chart 2 – 2019 Child Care Base Expenditures



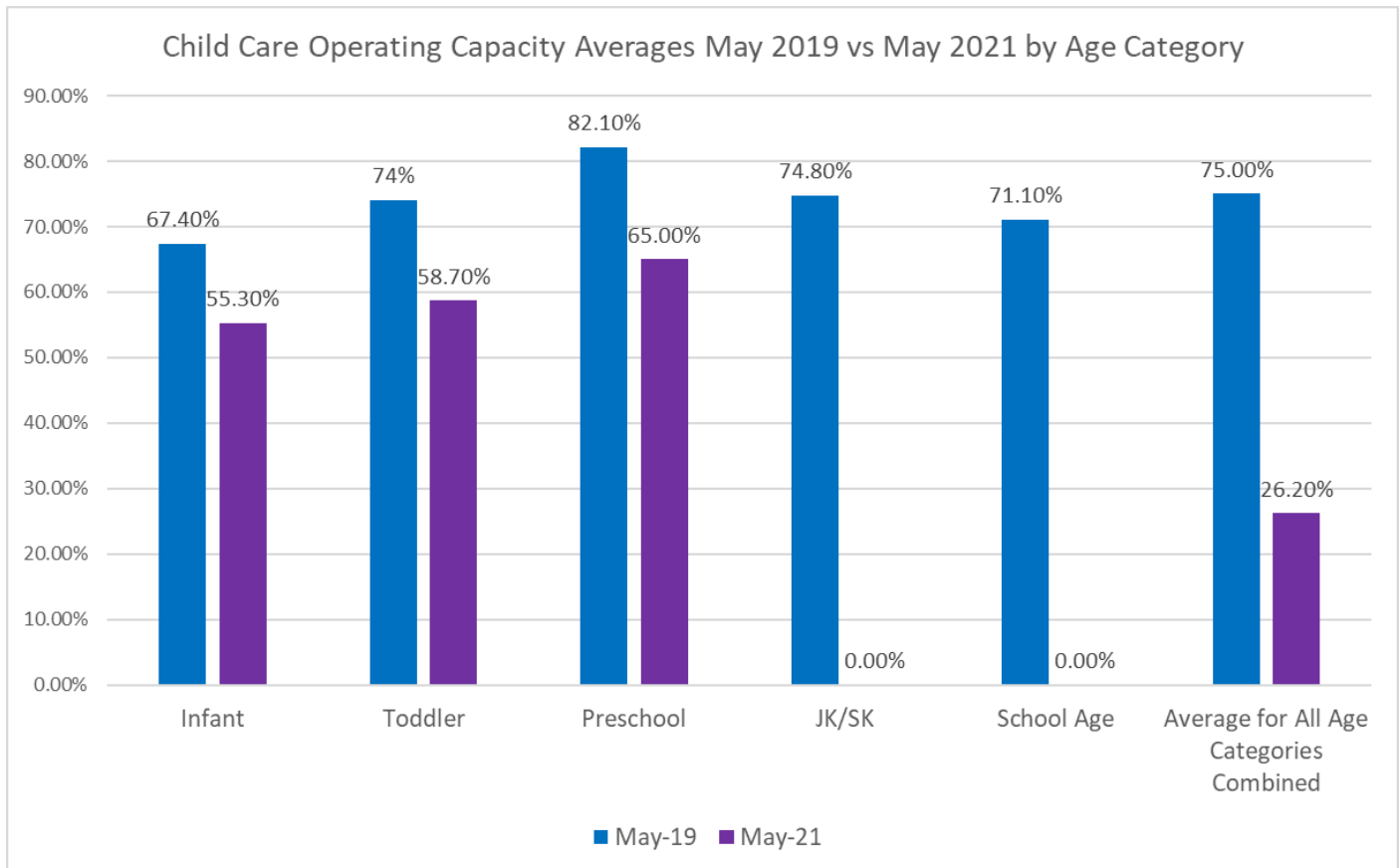
In 2019, TBDSSAB child care funding accounted for an approximate overall average of 58.5% of the child care system’s revenue. This funding included General Operating Grants, Fee Subsidy, and others as highlighted in chart above. The remaining 41.5% of revenues came from parent fees and other non-TBDSSAB sources. This demonstrates the importance of TBDSSAB as the service system manager and primary system funder.

Impact of COVID-19 Pandemic on the Child Care System

The COVID-19 pandemic has had a dramatic impact on the child care system over the past 16 months, including the closure of all child care centres for a period, the implementation of emergency child care on 3 occasions, reduced operating capacities based on public health requirements and the concerns of school-based child care operations with the implementation of remote learning. There have been several funding models implemented with child care operators to address these changes.

Administration continues to monitor the impact that the COVID-19 pandemic is having on the child care system. The table below provides a comparison of the operating space utilization averages in May 2019 and May 2021.

Chart 3 – Child Care Operating Capacity, May 2019 vs May 2021 by Age Category



In April 2021, all schools were closed due to the provincial order and TBDSSAB began the process of setting up emergency child care for school age children. The overall impact has affected all age groups, but the biggest impact has been the Kindergarten and School Age Programs.

Further, during the 2021 budget release, the federal government announced plans for a National Early Learning and Child Care Plan with the goal of bringing fees for regulated child care down to \$10 per day on average within the next five years. Administration is waiting for detailed information on this plan, including the government of Ontario’s intentions.

Moving Forward

To best understand the viability of a child care system, a comprehensive review is required. Administration is recommending that the process for this review begin in 2021 and move into 2022 as more information is shared by the province and related to the National Early Learning and Child Care Plan.

Administration plans to move forward with a comprehensive review of the child care system to determine what is required for the long-term viability and sustainability of the child care system.

FINANCIAL IMPLICATIONS



There are no immediate financial implications resulting from this report.

CONCLUSION

It is concluded that this report provides the Board with information on the status of the child care system in the District of Thunder Bay and Administration’s recommendation to implement a comprehensive review of the District of Thunder Bay Child Care Service System including a financial viability model. Following this review, a detailed plan will be presented to the Board for consideration.

REFERENCE MATERIALS ATTACHED

None

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