

**REPORT NO. 102 of the  
SOCIAL DEVELOPMENT,  
HEALTH & CULTURE STANDING COMMITTEE**  
of its meeting held August 8, 2012

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**Present:** Councillor Ed Sleiman, Vice Chair  
Councillor Percy Hatfield  
Councillor Hilary Payne  
Councillor Alan Halberstadt

**Regrets:** Councillor Ron Jones

That the following recommendation of the Social Development, Health and Culture Standing Committee **BE APPROVED** as follows:

Moved by Councillor Halberstadt, seconded by Councillor Hatfield,  
**THAT** the administrative report authored by the Community Development & Health Commissioner dated July 18, 2012 entitled "Child Care Update (Fee Subsidy Wait List, Provincial Discussion Paper and Additional Provincial Funding)" **BE RECEIVED** for information, and

**THAT** the presentation by the Executive Director of Housing and Children's Services entitled "Modernizing Child Care in Ontario" **BE RECEIVED** for information.

Carried.

**LIVELINK #16055, SSC/6751**

*Clerk's Note:* The report authored by the Community Development & Health Commissioner dated July 18, 2012 entitled "Child Care Update (Fee Subsidy Wait List, Provincial Discussion Paper and Additional Provincial Funding)" along with the PowerPoint presentation entitled "Modernizing Child Care in Ontario" are attached as background information.

  
\_\_\_\_\_  
VICE CHAIRPERSON

  
\_\_\_\_\_  
COUNCIL SECRETARIAT

NOTIFICATION:		
Name	Address	Email
See notification in report		



**THE CORPORATION OF THE CITY OF WINDSOR**  
**Social Development, Health and Culture Standing Committee-**  
**Administrative Report**



**MISSION STATEMENT:**

*"The City of Windsor, with the involvement of its citizens, will deliver effective and responsive municipal services, and will mobilize innovative community partnerships"*

<b>LiveLink REPORT #: 16055 SSC/6751</b>	<b>Report Date: July 18, 2012</b>
<b>Author's Name: Shannon Hyatt</b>	<b>Date to Standing Committee: August 8, 2012</b>
<b>Author's Phone: 519 255 5200 ext. 5290</b>	<b>Classification #:</b>
<b>Author's E-mail: shyatt@city.windsor.on.ca</b>	

**To: Social Development, Health and Culture Standing Committee**

**Subject: Child Care Update (Fee Subsidy Wait List, Provincial Discussion Paper and Additional Provincial Funding)**

**1. RECOMMENDATION: City Wide:  Ward(s): \_\_\_\_\_**

THAT the child care update report **BE RECEIVED** for information.

**EXECUTIVE SUMMARY:**

N/A

**2. BACKGROUND:**

As the Consolidated Municipal Service Manager (CMSM), the City of Windsor is responsible for the leadership, planning and management of child care services for the broader combined geographical area of Windsor and Essex County. We strive toward the provision of quality programs and services by exercising ingenuity, innovation and fiscal responsibility as strategies for ensuring efficient and cost-effective program delivery. The City of Windsor has the responsibility to manage the funding envelopes of child care fee subsidy, wage subsidy, proxy pay equity, resource centre, Ontario Early Years Centres and special needs resourcing. This report specifically addresses our child care fee subsidy funding envelope due to the increased pressure in this area.

Child care fee subsidy is financial assistance for families to assist with the cost of child care services for children 0 to 12 years of age attending a licensed child care centre, licensed home child care program, or in an approved unlicensed recreation program, in order to enable parents to work or undertake training or education leading to employment. Fee subsidy funding is also provided to eligible families that have children with special needs in order to help foster early

learning and healthy child development. Eligibility for child care fee subsidy is determined by way of a standardized provincial income test.

Effective January 1, 2011, all child care funding and contract management responsibilities with the exception of funding relating to Ontario Early Years programming, Child Care Resource Centres, and Early Learning and Child Development Planning was transferred from the Ministry of Children and Youth Services (MCYS) to the Ministry of Education (MEDU).

### **3. DISCUSSION:**

#### **FEE SUBSIDY WAIT LIST**

Our department provides fee subsidy funding through Purchase of Service Agreements with 58 licensed child care providers who operate 146 child care centres as well as with 3 licensed home child care providers. Recreation Purchase of Service agreements are in place with the City of Windsor Recreation and Culture Department as well as 4 community recreation programs providing service in a total of 18 recreation sites.

Since 1999, there has been sufficient fee subsidy to meet the demand. This, in part, has been attributed to an infusion of 100% Federal and Provincial funding to increase fee subsidies, the downturn in the economy which resulted in less demand for child care, and the closure of the municipally operated child care system, which resulted in our ability to purchase more spaces than we were providing with the same funding allocation thereby extending by about 2 years our need to implement a child care fee subsidy wait list.

A changing landscape began to occur in the fall of 2011, which has resulted in an increased demand for child care fee subsidy. By the spring of 2012, we were subsidizing an average of 243 more children than the average of 2011. Such a significant increase over a 12 month period increases our subsidy cost substantially. Although more families are securing employment, in many cases the employment is of a lower paying nature. Therefore, families are qualifying for higher rates of subsidy than in the past which in turn reduces our funding envelope at a faster rate.

Another factor impacting the budget is the introduction of full day Junior and Senior Kindergarten. To date 20% of Ontario's four and five year olds have access to a full time kindergarten opportunity. By September 2012 this will increase to 50% of all children. By September 2014 all four and five year olds will have the opportunity to attend Junior and Senior Kindergarten. As these four and five year olds move into the elementary school system, they are being replaced by younger aged children and the cost of care for infants, toddlers and preschoolers is more costly. At the time the fee subsidy wait list was implemented, the average number of infants being subsidized this year was 22.92% higher than in 2011, toddlers was 10.76% higher and preschoolers had increased by 14.08%. We believe that enhancements to the city website that includes a calculator that allows families to determine whether they are eligible for child care fee subsidy prior to applying has increased applications for subsidy because families are more confident that their application will be approved. As well, we have found that the introduction of a very user-friendly on-line application form that allows families to apply for subsidy twenty-four hours a day and seven days a week is also responsible for the increase in subsidy applications.

As Council was made of aware by way of a memo dated June 1, 2012, a fee subsidy wait list was implemented in order to ensure that our 2012 fee subsidy budget would not be overspent. As of July 16, 2012, 575 children are on the wait list for child care fee subsidy. We estimate that approximately 252 require care for the summer months with the remaining approximately 323 children requiring care in September and beyond. Families qualifying for child care fee subsidy must be financially eligible and as well, they must have a demonstrated need for care such as employment, educational/training opportunities or their child has a special need.

When there is insufficient funds to meet the demand for child care a wait list strategy is an imperative tool in order to ensure that child care, fee subsidy expenditures do not exceed the Council approved budget allocations.

### **PROVINCIAL DISCUSSION PAPER – “Modernizing Child Care in Ontario”**

The Province recently released a discussion paper, “Modernizing Child Care in Ontario”. The stated aim of this paper is to “introduce a conversation about the long-term vision for child care in Ontario, as well as targeted medium-term objectives for the next three years.” A proposed action plan focuses on specific areas where government can take action in the next three years. The questions posed to stakeholders directly link to these outlined key areas of a new funding formula for child care, capital funding priorities, quality in child care, updating the Day Nurseries Act legislation, and support of accountability and capacity-building. The discussion paper states that over the next three years the process of modernization will not be about expansion. Rather it will focus on stabilizing and transforming the current system to enable higher-quality, consistent services that can better support future system growth. The paper indicates that during this time, however, as well as after, there will be increased flexibility for municipalities to meet local needs. This includes the ability to invest in local solution and mitigation strategies to address the pressures faced with increased enrolment in the Full Day Kindergarten program.

We are in the process of organizing the format in which stakeholders in Windsor/Essex County will have the opportunity to formulate and submit a response to the Province on the “Modernizing Child Care in Ontario” discussion paper.

### **ADDITIONAL PROVINCIAL FUNDING**

On April 20, 2012 as part of the 2012 budget Premier Dalton McGuinty announced new funding for child care. The total fiscal impact of this funding announcement is \$90 million in 2012-13, \$68 million in 2013-14 and \$84 million in 2014-15.

On July 10, 2012, the City of Windsor received notification from the Ministry of Education outlining our share of the 2012-13 funding allocation will be \$684,397. There is no Municipal cost sharing required on this allocation. This new investment is being provided as one-time assistance until a new funding formula for child care is implemented. Please see further details regarding the additional Provincial funding under the Financial Matters section of this report.

## **4. RISK ANALYSIS:**

A wait list for child care fee subsidy puts families at risk of not being able to start employment and/or retain employment if the full cost of child care is a barrier for them. The unavailability of child care fee subsidy often prevents parent(s) from being able to attend school. Even for students that are eligible for Ontario Student Assistance Program (OSAP), the child care funding

portion is often not sufficient to cover the cost of care. Student that are part way through finishing a diploma/degree are at risk of not being able to finish if child care fee subsidy is not available when they return to school in the fall.

There is also a risk that the Ontario Works caseload could increase if individuals that are unable to obtain or retain employment due to the lack of child care fee subsidy are forced to rely on the social safety net of Ontario Works. This could result in an increase in Ontario Works expenditures.

A fee subsidy freeze directly impacts the City of Windsor Recreation and Culture Department as families utilize recreation programs as care for their school-aged children. Summer camps are an especially popular care option for families during July and August. In 2011, Recreation and Culture received approximately \$78,000 in funding to support children in their summer camp programs.

The viability of child care operators is challenged when a fee subsidy freeze is in place as they are often unable to fill vacancies due to lack of child care fee subsidy.

At current fee subsidy utilization trends, not implementing a fee subsidy freeze would result in an over expenditure in the child care funding envelope requiring 100% municipal funding to cover the shortfall.

## 5. FINANCIAL MATTERS:

The child care fee subsidy budget is monitored on a monthly basis and a fee subsidy wait list was implemented on June 1<sup>st</sup>, 2012 when it was determined that maintaining the current monthly expenditure level could not be supported within the municipal budget allocation. Child care costs are funded by the Province at either 80% or 100%. The remaining municipal cost is shared with the County of Essex.

With the recently announced fee subsidy funding, the revised 2012 Fee Subsidy budget is:

Child Care Fee Subsidy	Gross Cost	Provincial Cost	Municipal Cost
Fee Subsidy (Funded 80%:20%)	\$ 9,445,843	\$ 7,556,674	\$1,889,169
Fee Subsidy (Funded 100%)	\$ 4,428,327	\$ 4,428,327	\$0
Ontario Works Child Care Formal/Informal (Funded 80%:20%)	\$ 1,498,125	\$ 1,198,500	\$ 299,625
<b>Total Annualized Funding</b>	<b>\$15,372,295</b>	<b>\$13,183,501</b>	<b>\$2,188,794</b>
Additional Transition Operating (One Time)	\$437,171	\$437,171	\$ 0
<b>Revised 2012 Funding</b>	<b>\$15,809,466</b>	<b>\$13,620,672</b>	<b>\$2,188,794</b>

### ADDITIONAL PROVINCIAL FUNDING

The breakdown of the additional \$684,397 Provincial fiscal funding for 2012 outlined in the discussion section of this report is as follows:

**Health and Safety Minor Capital (\$66,329)** to support licensed child care programs that are not in compliance with licensing requirements (or may be at risk of not being in compliance with

licensing requirements) under the Day Nurseries Act (DNA). These resources will help to prevent child care closures as a result of non-compliance with the DNA and its regulations.

**Capacity Funding to Support Transformation (\$75,374)** to provide one-time funding to help non-profit licensed child care programs address costs related to legal fees and advice to support operators' transformation, mergers and consolidations, relocation costs to schools, and costs for information technology used for administrative and business purposes.

**Transition Capital (\$105,523)** to help support non-profit child care centres make retrofits and renovations to serve younger children.

**Transition Operating (\$437,171)** to help transition child care centres as year 3 of Full Day Kindergarten in implemented in September 2012. This funding will be allocated to child care fee subsidy in order to help ease the pressure that is currently being experienced by the City of Windsor in this area. When a wait list is in place, new subsidy approvals are only granted when an existing fee subsidy applicant exits the system and it is determined that the municipal budget allocation can accommodate an additional subsidy approval. To this end, it is anticipated that this funding will afford us the ability to begin removing families from the wait list that require care in September. It is not possible at this time to estimate the number of families that will be removed from the wait list as the cost of care depends on each family's parental contribution which is determined through the income test process, the number of days child care is required, and the per diem rates being charged of the individual child care centres.

As mentioned in the "Risk Analysis", a fee subsidy freeze could directly impact the budgets of two City of Windsor departments. Child care fee subsidy is an important support to individuals in the Ontario Works program in obtaining and retaining full time or part time employment or to engage in employment activities such as job specific training and adult education. A fee subsidy wait list could pose a barrier for OW participants in obtaining/retaining employment and or attending school.

The Recreation & Culture Department could be financially impacted as summer camps are an especially popular care option for families during July and August. In 2011, the Recreation & Culture department received a total of \$78,905 in fee subsidy funding during July and August.

## **6. CONSULTATIONS:**

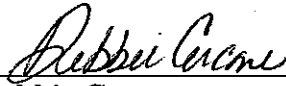
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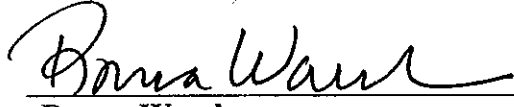
## **7. CONCLUSION:**


A wait list strategy is an imperative tool in order to ensure that child care fee subsidy expenditures do not exceed the Council approved budget allocations. Therefore, implementing a wait list when necessary ensures financial accountability, as families are only approved for child care fee subsidy as other families exit the system, resulting in funds becoming available and/or new funding becoming available.


Given the new infusion of Provincial funding, we anticipate that in August we will be in a position to beginning taking applications from the 323 families on the wait list that are requiring care for September and beyond. This will afford us the ability to reduce the number on the waitlist but it not likely that all 323 will be able to be accommodated within our funding

allocation. We anticipate that we will periodically be in a fee subsidy wait list situation in order to ensure that our expenditures do not exceed Council approved budget allocations.

  
 Debbie Cercone  
 Executive Director of Housing and  
 Children's Services

  
 Ronna Warsh  
 Community Development & Health  
 Commissioner and Corporate Leader Social  
 Development, Health, Recreation & Culture

  
 Shannon Hyatt  
 Children's Services System Manager

  
 Onorio Colucci  
 Chief Financial Officer & City Treasurer &  
 Corporate Leader Finance and Technology

SH/kk

**APPENDICES:**

**DEPARTMENTS/OTHERS CONSULTED:**

Name: Linda Higgins, Manager of Intergovernmental Subsidies and Financial Admin.  
 Phone #: 519 255 -5200 ext. 5222  
 Name: Nancy Jaekel, Financial Planning Administrator  
 Phone #: 519 255-5200 ext. 5171  
 Name: Arundhati Mobile, Financial Planning Administrator  
 Phone# 519 255 5200 ext. 5201

**NOTIFICATION :**

Name	Address	Email Address	Telephone	FAX
Shawna Ward		achildsworld53@yahoo.ca		
Lisa Mouawad		lmouawad@cogeco.ca		
Jacque Bourgeois		asmartstart@bellnet.ca		
Kaye Holmes		kaye@abccdaynursery.ca		
Therese Gadoury		info@stececile.ca		
Sonja Dimitrievski		sonja@alexandersdaycarecenter.com		
Audrey Fittler		afittler@bellnet.ca		
Phyllis McIntyre		bestfriendslc@hotmail.com		
Melissa Tregaskiss		melissa@brightchild.ca		
Anna Angelidis		angelidis@lscdg.com		
Ana Malot		annie.m.13@sympatico.ca		
Holli Beneteau		cheznous@mnsi.net		
Karen McConnell		karen.mccconnell@jmccentre.ca		
Cheryl Sprague		maincampus@deltachildcare.com		
Beth-Anne Meloche		discovery1@bellnet.ca		



Dana Colenutt		dccentre@jet2.net		
Marina Clemens		info@drouillardplace.ca		
Lidia Bunt		latchkey.lidia@mdirect.net		
Sue Sherk		frststep@mnsi.net		
Suzanne Lalonde		francosol@bellnet.ca		
Ruth Krey		info@gslchristiandaycare.com		
Barb McConnell		bmccconnell@cogeco.net		
Mary Ryan		harrowdaycare@bellnet.ca		
Tina Salvatore		tsalvatoreka@gmail.com		
Bassima Zein		lespetitesmains@bellnet.ca		
Fahima Mullins		lakeshoredaycare@bellnet.ca		
Carol Turner		cturner@lakeviewmontessori.ca		
Penny Willis/Luann Pye		serendipity10@bellnet.ca		
Julie Diponio-Roy		julie@edleun.com		
Ms. Marnie Testa		marnie@edleun.com		
Dave Orshinsky		dorshinsky@leamington.ca		
Tammy Brochert		littlebuddiespreschoolcentre@hotmail.com		
Michelle Charette		montessorischoolofwindsor@sympatico.ca		
Simona Nadia-Crudu		office@montessorilasalle.com		
Wendy Hopkins		whopkins@mnsi.net		
Maria Vasapolli		info@montessoriearlyyears.ca		
Michelle Saccucci		info@oliviadimaio.com		
Rosa Richardson		ouat@gosfieldtel.com		
Heather Nodello		hnodello@gmail.com		
Joy Mulcaster		jm.playfulsteps@gmail.com		
June Stevens / Jen Candusso		richmondplaygroup@cogeco.ca		
Carrie Vida		carrievida@sympatico.ca		
Aamer Shujah		ashujah@gmail.com		
Faith Lobzun		skana@windsor.igs.net		
Kristine Coombes		sonshinedaycare@bellnet.ca		
Jill Foster		storybookjaf@on.aibn.com		
Leah Hills		lhills@sundownersdaycare.com		
Michelle DiCarlo		michelle1@bellnet.ca		
Lynn Welch		lynn_welch@can.salvationarmy.org		
Bernadette Dzugan/Rachel VanGerven		bdzugan@ncce1.org		
Anna Raymond		araymond@thetoyboxece.com		
Sister Magdalen Budniak		ursulinesahj@cogeco.ca		
Kori Cartwright		Joeltes5@aol.com		
Tracy Bruce		weewatchwindsor@cogeco.ca		
Michael Parkinson		mikepark@sympatico.ca		
Luann Daniel		enrichedhome@gmail.com		
Denise Simpson		denise_simpson@ymca.ca		
Jennifer Poisson		yourwoodentreehouse@yahoo.ca		
Elena Apelian		eaplian@themcc.com		
ML Berthiaume		marylynn.berthiaume@jmccentre.ca		
Mary Broga		mbroga.wrh.on.ca		
Karen Calligan		karen.calligan@ontario.ca		
Susan Chanko		sue.chanko@gecdsb.on.ca		
Terri Cooper		tcooper@smflc.ca		
Lisa Cranston		lisa.cranston@gecdsb.on.ca		
Paulette Demeter		demepaul@csdecso.on.ca		

Mark Donlon		mdonlon@children-first.ca		
Linda Edwards		ledwards@smflc.ca		
Lorraine Goddard		lgoddard@weareunited.com		
Cindy Haas		chaas@city.windsor.on.ca		
Anita Hayes		anita.hayes@jmccentre.ca		
Linda Hill		lhill@stclaircollege.ca		
Mark Horrocks		mark.horrocks@ontario.ca		
Mona Kamot		kamotm@cscdco.on.ca		
Cathy Martel		cmartel@children-first.ca		
Claudia McArthur		cmcarthur@city.windsor.on.ca		
Heather McNamara		hmcnamara@themcc.com		
Sharon O'Hagan-Wong		sharonohaganwong@wecdsb.on.ca		
Rod Peturson		rod.peturson@ontario.ca		
Ramona Sault		rsault@windsor.igs.net		
Robin Schiller		rschiller@city.windsor.on.ca		
Bonita Seecharan		bseecharan@windsorpubliclibrary.com		
Debbie Silvester		dsilvester@wechealthunit.org		
Lyle Ward		lward@wecas.on.ca		
Elaine Whitmore		elaine.whitmore@jmccentre.ca		