

3. REDISTRIBUTION OF SUBSIDIZED CHILD CARE SPACES

COMMITTEE RECOMMENDATIONS

That Council approve the following parameters for the current redistribution of subsidized spaces. The following priorities are to be used to redistribute spaces. Available spaces will be allocated to agencies that:

- 1. Face closure due to economic viability because of a demonstrated lack of full fee payers in the community they serve;**
- 2. Were affected by the provincial redesign of Children's Integration Services and therefore lost four subsidized spaces to this redesign;**
- 3. Serve exclusively low income parents or other disadvantaged groups such as young single parents, or have been impacted by changing demographic needs in their community;**
- 4. Serve francophone parents in low income communities;**
- 5. Are for-profit centres that have not previously been allocated many subsidized spaces but have a high need in the communities they serve;**
- 6. Serve low income aboriginal parents;**

Priority will be given to agencies that fit one or more of these criteria.

DOCUMENTATION

1. Commissioner of Social Services report dated 26 January 1998 is immediately attached.
2. Extract of Draft Minute, Community Services Committee, 19 February 1998 immediately follows the report and includes a record of all votes.

Our File/N/Réf.
 Your File/V/Réf.

DATE 26 January 1998

TO/DEST. Co-ordinator
 Community Services Committee

FROM/EXP. Commissioner, Social Services Department

SUBJECT/OBJET **REDISTRIBUTION OF SUBSIDIZED CHILD CARE SPACES**

DEPARTMENTAL RECOMMENDATIONS

That the Community Services Committee and Council approve the following parameters for the current redistribution of subsidized spaces. The following priorities are to be used to redistribute spaces. Available spaces will be allocated to agencies that:

- 1. Face closure due to economic viability because of a demonstrated lack of full fee payers in the community they serve;**
- 2. Were affected by the provincial redesign of Children's Integration Services and therefore lost four subsidized spaces to this redesign;**
- 3. Serve exclusively low income parents or other disadvantaged groups such as young single parents, or have been impacted by changing demographic needs in their community;**
- 4. Serve francophone parents in low-income communities;**
- 5. Are for-profit centres that have not previously been allocated many subsidized spaces but have a high need in the communities they serve;**
- 6. Serve low income aboriginal parents;**

Priority will be given to agencies that fit one or more of these criteria.

PURPOSE

The purpose of this report is to seek approval for priorities to guide the redistribution of subsidized spaces within the licensed child care system in Ottawa-Carleton.

BACKGROUND

Over the past several years, the number of subsidized spaces in Ottawa-Carleton has not grown. This comes after many years of growth that saw new agencies and programs being developed during the 1980s and 1990s. The demand for subsidized spaces, however, has not decreased.

In 1992, the provincial government introduced the jobsOntario Training Program. The province introduced subsidized child care spaces, funded at 100% to support parents who wanted to take advantage of jobsOntario(JO) placements. These spaces eventually became accessible to parents on social assistance involved in a number of activities. By 1995, the Ottawa Carleton region had 707 (JO) spaces. The Department and Council allocated some of the spaces to specific agencies, while the remainder were left to “float” to allow parents the choice of child care program. The following chart shows how 542 of the 707 spaces were allocated. The remaining 165 were floating spaces.

REASON FOR ALLOCATION	NUMBER OF SPACES
Programs set up using JO spaces (to serve students)	121
Home Child Care agencies serving clients meeting JO criteria	224
Group agencies serving clients meeting JO criteria	156
Integrated (disabled) spaces	10
Emergency spaces for victims of violence	9
Home child care for francophone and aboriginal families	22
TOTAL	542

Spaces that were “allocated” were given to some programs to use exclusively for parents who met the jobsOntario criteria (a total of 224 to home child care agencies and 156 to group programs). In addition, 121 spaces were “allocated” to new programs designed to serve JO eligible parents. An additional 41 spaces were allocated to serve disabled children, abused women and two home child care agencies serving francophone and aboriginal parents. The JO criteria specified that parents must be in receipt of social assistance and participating in employment or training/education. JO spaces could not be used to serve other parents in receipt of “regular” subsidies. The criteria for “regular” subsidies includes parents who have special needs, are conducting job searches or are determined eligible due to their income being within the range for subsidy.

Approximately 165 spaces were left to “float”. This meant that parents who met the JO criteria could use a space at any agency that had a vacancy. If the parents chose to transfer this space to another program (due to change in work location, etc.) they could do so, assuming they still met the JO criteria. The agency from which the parent was transferring could not fill the vacated JO space as they were “allocated “ to the parent, not the agency.

In 1995, the province announced it would no longer pay 100% of the costs of JO spaces, but instead would cost share them at 80/20. At that time, Regional Council introduced a series of cost saving strategies to help the region sustain its portion of the cost of these spaces. Over the last two years, agencies and the Department have been making cost reductions in order to maintain these 707 spaces in the community.

In 1997, it became clear that many of these spaces were no longer “floating”. Some agencies had kept these spaces full both to serve parents that required them, but also to help the economic viability of the agency. Complicating this, was the criteria for jobsOntario. Many parents met the criteria at the time of admission, but subsequently found work. In some cases, parents still qualified for subsidy, but they no longer met the JO criteria. It was clear that maintaining two separate streams of subsidized spaces was becoming confusing and cumbersome for agencies and the Department.

Council directed the Department to embark on a redistribution exercise. Many agencies that had not traditionally had a large percentage of subsidized spaces had been indicating their desire to have more subsidies. The Department considered a number of options for this process. They included:

1. A total redistribution of all available subsidies. This approach was rejected for a number of reasons. Although many agencies would gain from this process, some agencies that traditionally had a large number or 100% subsidies could soon face viability issues. As well, it is accepted that there are not enough subsidies available to meet the current demand. The concern therefore was that this process would not address all of the concerns and would likely just shift the problems to a greater percentage of agencies, thereby destabilizing the system as a whole.
2. A redistribution of all 707 JO spaces. This approach was attractive in that a large number of problems could be addressed, but again this would likely shift some of the concerns from one group of agencies to another. It was also anticipated that to remove spaces from some group programs would be difficult as many programs using JO spaces served primarily low income and social assistance parents.
3. Redistribute the floating spaces and confirm or reallocate those spaces that had previously been allocated from the 707 spaces. This was seen as the preferred option for a number of reason. First, it was concentrating only on those spaces that were being used throughout the community, therefore not removing spaces from agencies that had been serving social assistance clients in large numbers. As well, it would not serve to aid some agencies at the expense of others. Finally, because the province has not yet announced its child care reform,

this option was seen as causing the least amount of disruption should reform be significant. All three options also involved phasing out the separate criteria for the 707 JO spaces.

In the fall of 1997 the Department held a series of information sessions with the child care community. The purpose was to outline a process for dealing with the 707 jobsOntario spaces. At that time, the Department introduced the idea to discontinue the separate criteria for JO spaces and to have only one set of rules for all subsidies. As well, the Department proposed reviewing the allocation of some of the JO spaces that had been made in the early 1990s and either confirming them or reallocating some that were no longer required. Finally, it was recommended that the 165 spaces that were still floating be available for redistribution. The reaction from the community was generally positive. Many wanted the process to address the concerns of their agency, but agreed that a large-scale process could create instability that was not desired at this time. Many expressed concerns about the lack of equity in the current system, that is that some agencies are 100% subsidized and that others have far fewer, even no subsidized spaces. As well, agencies responded well to the suggestion that this would be a first step in a redistribution, and not the final stage in the process.

Agencies were asked to submit written requests for spaces and indicate whether they required these spaces due to viability issues or equity issues. Many define equity in different ways. For the purpose of this exercise, equity was seen as agencies that served a particular language, cultural or geographic community that had high needs. In addition, agencies that had not been allocated spaces in the past due to previous policy directions would also be included. Agencies were asked to indicate what efforts they had made to attract full fee payers and to indicate what the demand was for subsidized spaces in the community.

During November and December 1997, agencies submitted their requests for spaces. In total, 34 agencies submitted requests for 556 spaces . Due to the number of requests, decisions were made to not allocate to new programs opened which had been opened without subsidies. As well, it was decided to not bring any new programs up to the 100% subsidy mark unless they served an exclusively low-income target group such as teen mothers.

PROCESS FOR REDISTRIBUTING SPACES

Information from the agencies was analyzed and each agency was considered against the pre-defined criteria. It should be noted that if more spaces were available, many of the agencies not given priority at this time would have been considered. These requests will be kept on file for further stages in the redistribution exercise.

Another step in the redistribution process was to confirm or redistribute spaces that had been allocated in previous years. As mentioned in the report, 532 spaces were allocated to a number of agencies using JO spaces. The Department is recommending that these spaces be confirmed to agencies at the levels approved for 1997.

The concept of floating spaces has caused some challenges. The purpose of these spaces was to assist parents fitting the JO criteria to use care where they needed it. What tended to happen, however, was that a number of agencies attracted parents fitting the criteria and were able to keep

replacing them. Therefore a small number of agencies had the majority of these spaces in their programs and now find it difficult to sustain their programs without the subsidies. This is particularly true for agencies serving parents on social assistance such as teen parents. It applies as well to some agencies in suburban communities, several of them being commercial centres, that have traditionally not had as many subsidized spaces.

There are also three agencies that have been impacted by a provincial redesign of the Children's Integration Services (CISS) program. These three agencies each had four spaces allocated to serve disabled/handicapped children. In September of 1997, the Ministry of Community and Social Services reassigned these spaces (through attrition) to the CISS. Once these children leave the programs, the spaces will revert to being full fee spaces. Consideration was given to these agencies' ability to attract full fee payers in these spaces. The decision was made to allocate up to four spaces per agency to be used once the children leave the integrated spaces.

Efforts have been made to allocate more spaces to francophone programs. Currently, francophone spaces do not reflect the proportion of francophone parents in the region. This has caused hardship to some programs that serve primarily low-income areas.

A number of agencies were considered for spaces due to economic viability. In some cases, they are agencies whose community has changed over the years, and can no longer attract full fee payers. In some cases, new programs have developed in these areas that are not licensed, and are attracting the full fee payers who have traditionally used these programs. The new programs tend to serve school age children. In other cases, decisions made by various school boards to close or open new school has had an impact on agencies designed to offer school age programs in the area. These programs could be filled with subsidized children, but have been unable to sustain full fee payers due to changes mentioned above. If the policy is approved, 66% of the available spaces would be allocated to programs that could face closure without additional subsidized spaces.

There are a number of programs that currently have 100% of their spaces subsidized. Some of these programs serve exclusively low-income areas including Headstart programs, while others are in areas that could attract full fee parents. The Department decided not to reallocate spaces from these programs at this time, rather to meet with the agencies to strategize about how they might begin to attract full fee payers. The hope is that some agencies may be able to attract full fee payers thereby freeing up additional spaces for redistribution in the future.

NEXT STEPS

If this policy is approved a number of actions are required to implement the changes. They include:

1. Agencies currently utilizing jobsOntario spaces will be asked to convert them to the first available regular subsidy in order to phase out the separate JO criteria. Parents using these spaces will need to be informed that the spaces are no longer portable to be transferred to other programs. Experience has shown that very few parents took advantage of moving the spaces once they had accessed service in a program.

2. Agencies that have been recommended for additional subsidies will be informed in writing early in 1998. In most cases, these agencies are currently using a number of jobsOntario spaces and would simply convert them to regular spaces. If however, they are using more spaces than their new allocation, they would not fill any new subsidized spaces until they had reached their new level.
3. Agencies that are having their previous allocation of JO spaces confirmed would be notified in writing and could fill these spaces using the regular subsidy criteria rather than the JO criteria.
4. Agencies who have 100% subsidies will be invited to a meeting where strategies to fill some spaces using full fee payers would be discussed.
5. An information report will come to Committee and Council detailing the decisions for individual agencies early in the spring.

CONCLUSIONS

The proposed criteria for redistributing spaces will act as a first step in making the subsidized system more equitable. The process outlined in this policy is not sufficient to address the shortfall of subsidized spaces in the system. This process may, however, prevent some agencies that are currently serving hundreds of children from closing. Other agencies will be able to maintain some of the spaces they have been utilizing through the floating JO spaces. More spaces serving francophone and aboriginal children will be available. As well, commercial agencies that are offering care in areas with few subsidized spaces will be able to maintain some subsidies in their programs. Finally, those affected by changes to the integrated system will not be adversely affected by these changes.

Many programs requesting additional spaces through this process will not be accommodated. In the end, only 32% of requests were met through the redistribution. Until the announcements from the provincial government are known regarding child care reform, it is not recommend that a larger redistribution is undertaken. Other discussions are suggested, however, such as encouraging some agencies that are presently 100% subsidized to develop a process of attracting fee payers.

PUBLIC CONSULTATION

The subject of redistributing subsidized spaces has been discussed with the child care community in many forums over the past year. Most recently, information sessions were held in October (English and French) outlining the process and direction for the redistribution process.

FINANCIAL IMPLICATIONS

There are no additional costs associated with this process.

*Approved by
Dick Stewart*

5. REDISTRIBUTION OF SUBSIDIZED CHILD CARE SPACES
- Commissioner of Social Services report dated 26 January 1998

Staff Presentation

Commissioner Stewart explained that the jobsOntario (JO) program began in the early 1990's, and over a period of time 707 spaces were allocated. Originally, it was a 100-percent provincially funded. It eventually reverted to 80/20 cost sharing and the social criteria gradually weakened. He concluded that, in reality, there were no longer JO spaces.

Commissioner Stewart stated that this report is part of an overall exercise that the Department is engaged in with the child care community. The goals are to find efficiencies within the system, to maintain the number of spaces, and to withstand some of the requirements for restraint. This report is one step toward other activities in the reallocation of subsidized spaces. He stated his belief that these are balanced proposals that will ensure the continuity of quality system of child care in the Region.

Ms. Roadhouse Bresnehan spoke about the process used in the redistribution exercise, as outlined in report. The Department has had discussions with child care groups and agencies over the past 2-3 years. Feedback from the community is that two separate streams of criteria are difficult to administer, there is a shortage of subsidized spaces, and there is no common definition of equity. Ms. Bresnehan stated that of the three options examined, the Department chose to focus on the 165 spaces that have been floating through the child care community. This option is the least disruptive because the remaining 542 spaces are allocated to address other issues such as equity, viability or access.

Questions to Staff

Councillor Holmes asked whether or not the Department could guarantee there would be no centres closed as a result of the redistribution. Commissioner Stewart responded there were no guarantee because there are other variables influencing the economic viability of child care centres. However, he stated economic viability of the centres is the number one criteria, and the rationale for the option chosen. Commissioner Stewart pointed out that, looking at other municipalities, there is no one model of how child care subsidies are used. Some municipalities have used a market approach; signing agreements with as many child care agencies as possible. The disadvantage to this approach is economic instability.

Councillor Beamish questioned how the allocations address the needs of parents, and wondered if there was more concern for the economic viability of agencies.

Commissioner Stewart responded that the focus is on communities where there is a demonstrated inability of programs to attract fee payers, therefore there are a larger number of parents who are in financial need and won't be able purchase these services and are therefore in need of a subsidy. The Department wants to address that need with this reallocation process.

Councillor Beamish, referring to criteria 4 & 5, asked if there are statistics available to demonstrate that these populations are being under-served. Commissioner Stewart confirmed that services for these groups are disproportionately low.

Public Delegations

Ms. Shelley Bond, Vice-Chair of the Child Care Council

Ms. Bond explained that the Child Care Council (CCC) represents all aspects of child care, including licensed home child care, independent providers, group care, non-profit, profit, liaison members (school boards) and other child care services.

The CCC passed a motion to support the report recommendations on the redistribution of subsidized spaces as long as this report is seen as a stop-gap measure in the immediate response to the redistribution of JO spaces and not as a precedent setting option. Ms. Bond pointed out that with the new budgeting process for 1998, capital funding should not be forgotten.

Councillor Holmes asked how much was expected in the 1998 capital funding. Commissioner Stewart stated that no direction had been given to staff and that no figure was proposed for investment in the Child Care Capital Fund. He reminded Committee that previous requests for capital funds were met by transfers from the Contingency Fund. Commissioner Stewart will confirm whether or not a direction was given for the designation of capital funding in the 1998 budget.

Mr. Sam Bhergava, Director of a profit, and a non-profit child care centre.

Mr. Bhergava urged the Committee to defer the approval the staff recommendations until the overall goals, policies and direction in child care were clearly determined. He stated that the main driving force for the recommendations were to allocate more subsidized spaces to save some licensed sector centres from closing, and questioned whether the recommendations were in the best interest of parents and taxpayers.

Mr. Bhergava opined that the staff recommendations made a complete 180 degree turn around in the policy of JO spaces. He believes the new proposal takes away

the freedom of parents to choose a particular child care centre. In addition, Mr. Bhergava recommended that the Region take steps now to allow all subsidized spaces on a floating basis. He believes this can be done gradually without destabilizing the system. He opined that the recommendations have misplaced priorities. The priority is families needing assistance and not the protection of the child care system. The Regional does not have a mandate to protect all its suppliers. The financial implications of the recommendations need to be examined.

Mr. Bhergava referred to his own centre which has seen rise in demand, particularly from young single parents on assistance, yet the centre has had to downsize. He concluded his presentation by suggesting the Region allow floating subsidies for the families on assistance, seek better balance of subsidized and full fee paying spaces, and determine the need for a protected sector within child care, that requires special consideration¹.

Questions

Councillor Kreling asked staff to respond to the observations expressed by Mr. Bhergava. Commissioner Stewart responded that some municipalities have adopted a floating space modality. A component of this is a centralized waiting list, which he has advocated for in the past. Commissioner Stewart stated it is the Department's business to ensure that public funds are used to support a quality child care system. In order to achieve this, the Department must be observant of the economic reality of the system. There is a plan to proceed with discussions, with agencies that are presently 100% subsidized, to look at ways to attract fee payers, but he acknowledges it may not be practical in some situations, for example, the Head Start program. Commissioner Stewart stated that if the concept of a centralized waiting list is revisited there would need to be considerable consultation with stakeholders.

Ms. Bresnehan confirmed for Councillor Kreling that the timeframe for redistribution is quite quick and she anticipates having a report to Committee within a month. Ms. Bresnehan clarified for Councillor Beamish that the 165 spaces are not really floating, because they tend to stay in a particular agency.

In response to a query, Mr. Bhergava clarified that he is advocating for floating spaces because he would like his centre operating at full capacity, and would like to attract clients based on the merits of his centre. He questioned the basis on which some centres are guaranteed economic viability, noting he has not had such a guarantee in operating his centre.

¹ Note: A copy of Mr. Bhergava's briefing notes are held on file by the Committee Co-ordinator

Ms. Cindy Magloughlin, President, Ottawa-Carleton Child Care Association

Ms. Magloughlin explained that the Child Care Association was comprised of over 50 not-for-profit child care agencies with purchase of service agreements with the Region. She stated that these agencies have sacrificed 2.1% off their bottom lines over last 2 years in order to preserve JO spaces. She stated the Association wants to ensure a high degree of accountability with regard to the use of these spaces.

Ms. Magloughlin expressed concern about wording of some of the criteria and absence of other important criteria. She stated that when viability is an issue, the Association wants to ensure that this is solely because of a lack of subsidized spaces and that public dollars are not being used as a remedy for poor management practices. Quality should be a consideration for the distribution of subsidies, and therefore assessment of the status of a licence should be taken into consideration.

Ms. Magloughlin asked for clarification on criteria # 5. Ms. Bresnehan confirmed that this was the only circumstance that a for-profit centre would receive an additional subsidy.

Ms. Magloughlin noted that no consideration had been given to prioritizing by age group and stated that infant spaces are in greatest demand.

Questions

Councillor Byrne stated she was opposed to a centralized list/floating spaces because it would create instability in the system. She questioned staff about the overall occupancy rate. Commissioner Stewart responded that because there is a 40 percent turnover rate on an annualized basis, it is very difficult to have all subsidized spaces filled everyday. This turnover is taken into account in the budgeting process/per diem setting.

Ms. Bresnehan estimated that there were less than 10 for-profit agencies among the 126 agencies from which the Region purchases services (this figure was later modified to 5 agencies by Councillor Kreling).

Councillor Loney asked about the timeframe for meeting with agencies and examining opportunities/attempts to attract fee payers. He suggested that specific targets should be set as an incentive for centres (i.e. reducing proportion of subsidized spaces from 100 to 90 percent). Ms. Bresnehan confirmed for Councillor Loney that criteria # 5 focused on for-profit centres serving high-need communities.

Councillor Loney moved the report.

Committee Discussion

Councillor Beamish put forward a motion to have staff prepare a report on the issues and options regarding floating spaces in the Ottawa-Carleton child care system.

Commissioner Stewart informed Councillor Holmes that there are approximately 6300 subsidized spaces, of which 103 spaces are in for-profit agencies.

Councillor Holmes stated she would not support Councillor Beamish's motion. She stated she was not prepared to put the financial stability of every agency in the Region at risk by having floating spaces. She continued to argue that she was tired of the fighting between for-profits and not-for profit agencies, and the demands from for-profit agencies for more subsidized spaces. She believes this undermines non-profit agencies, and wondered how a centre could be considered for-profit when up to 50% of its spaces were subsidized by the public. Councillor Holmes put forward a motion that all subsidized spaces be removed from the for-profit daycare. She agreed there should be more subsidized spaces, and therefore the Region should go to the province and ask for more spaces.

Commissioner Stewart provided the following statistics - there are 10,000 licensed child care spaces in the region, of which 6300 are subsidized spaces. Of these 6300 spaces, 103 are located in for-profit centres. The report deals with 165 subsidized spaces. Based on these numbers, Councillor Kreling stated he hoped the Committee would not support Councillor Holmes' motion.

Councillor Loney put forward a motion that Councillor Holmes' motion be tabled, and that staff be instructed to look at the issue and bring back a report to Committee. He stated he believed it would be fundamentally wrong to pass Councillor Holmes' motion without giving stakeholders the opportunity to respond.

Councillor Doucet stated, in general, he supported Councillor Holmes' motion. He opined that the human element is often lacking in staff reports and that this particular report does not reflect the tremendous commitment of those working in day care centres.

Councillor Byrne expressed concern that if floating spaces are transferred to high need areas, parents in lower need areas may lose access to child care. She stated that she believed it was fundamentally wrong for a for-profit centre to have a higher proportion of subsidized spaces than a non-profit centre (based on figures provided by Mr. Bhergava of his two centres).

Chair Munter, referring to Councillor Holmes' motion, opined that a motion of this magnitude required more time for consideration and discussion. He opined that it is not fair to staff to write a report that is unlikely to be implemented. He suggested it would be beneficial for the new members of the Committee to have a briefing on some of the history of these child care issues.

Moved by A. Loney

That the following Motion be tabled and that staff be directed to prepare a report on the matter

CARRIED

(D. Holmes, D. Beamish dissented)

That all subsidized spaces be removed from the for-profit day cares.

TABLED

Moved by D. Beamish

That staff prepare a report on issues and options regarding floating spaces in the Ottawa-Carleton child care system.

LOST

Moved by A. Loney

That the Community Services Committee and Council approve the following parameters for the current redistribution of subsidized spaces. The following priorities are to be used to redistribute spaces. Available spaces will be allocated to agencies that:

- 1. Face closure due to economic viability because of a demonstrated lack of full fee payers in the community they serve;**
- 2. Were affected by the provincial redesign of Children's Integration Services and therefore lost four subsidized spaces to this redesign;**
- 3. Serve exclusively low income parents or other disadvantaged groups such as young single parents, or have been impacted by changing demographic needs in their community;**

Extract of Draft Minute
Community Services Committee
19 February 1998

- 4. Serve francophone parents in low-income communities;**
- 5. Are for-profit centres that have not previously been allocated many subsidized spaces but have a high need in the communities they serve;**
- 6. Serve low income aboriginal parents;**

Priority will be given to agencies that fit one or more of these criteria.

CARRIED