SUBJECT: Best Start Update (SSC06006) (City Wide)

RECOMMENDATION:

(a) That staff be directed to continue implementation of the approved Hamilton Best Start Plan within the 2005/06 approved funding allocation, in accordance with Option #1 of Report SSC06006, pending an announcement of further funding of the Initiative by the Province of Ontario.

(b) That Council request that the Federal Government continue to honour the National Early Learning and Care Program, and the existing Bi-lateral Agreement between the Federal Government and the Province of Ontario. Further, that copies of this request be forwarded to all area Members of Parliament, area Boards of Education, the Federation of Canadian Municipalities, the Province of Ontario, the Association of Municipalities of Ontario, the Ontario Municipal Social Services Association, and Hamilton’s Best Start Network.

(c) That Council request that the Province of Ontario continue to honour its commitment to 100% Provincial funding of the Best Start Initiative for the period 2005 to 2010; and request clarification of the Province’s long-term commitment to funding of the Initiative beyond that date. Further, that copies of this request be forwarded to all area Members of Provincial Parliament, area Boards of Education, the Association of Municipalities of Ontario, the Ontario Municipal Social Services Association, and Hamilton’s Best Start Network.

Joe-Anne Priel
General Manager
Community Services Department
EXECUTIVE SUMMARY:

In 2005 the Federal Government announced $5 billion Canada wide Early Learning and Child Care funding over 5 years. Ontario was to receive $1.9 billion over that period. In May 2005 an agreement signed between the Province and the Federal Government outlined Ontario’s plans under Best Start to expand child care spaces, increase access to child care fee subsidies, improve wages for child care workers, and introduce or expand other early learning and child care support (without the investment of additional Provincial dollars). Two other Provinces, Manitoba and Quebec have similar bi-lateral agreements in place.

The new Federal Government has recently announced its intention to introduce legislation this spring to bring in the ‘Choice in Canada Child Care Allowance’, by July 1st of this year. Further, the Federal Government has formally advised the Province of Ontario that it will cancel the Canada-Ontario bi-lateral agreement (signed in May 2005) as of March 31, 2007. These actions on the part of the new Federal Government reflect a significant shift in policy direction related to Early Learning and Child Care at the federal level.

The Province of Ontario continues to be in discussion with the new Federal Government and has requested that the new Government continue to honour the Federal/Ontario agreement for the expansion of child care. The Provincial Ministry of Children and Youth Services (MCYS) has indicated that it remains very committed to the Best Start Initiative and is continuing to move forward with implementation. Further, the Ministry has strongly encouraged Municipalities as Consolidated Municipal Service Managers (CMSMs) to continue to work with community partners to implement the Best Start Plans in their communities. To date Municipalities have not received official notification or assurance by the Province of its long term commitment to continued 100% funding of the initiative (post notice given by the Federal Government to the Province of termination of the bi-lateral agreement effective March 31, 2007).

Staff has continued to monitor this situation closely and to analyze potential impact on the Best Start initiative at the local level as well as impact on the City of Hamilton. An information Report was forwarded to members of Council on February 14, 2006. This report provides an update to Council and includes specific recommendations regarding ongoing implementation of the plan, and potential advocacy strategies that Council could adopt in order to encourage both senior levels of government to honour their commitments to the Best Start Initiative.

BACKGROUND:

Hamilton Best Start - Overview

Ontario’s Best Start initiative is a long term vision that will transform the existing service system for children and parents. It is a ten year approach to ensure that all children are ready, eager and successful in learning by the time they start Grade 1. This plan has been influenced by substantial evidence from social, economic, educational, and
biomedical health research that demonstrates a public investment in children and their parents is instrumental in future success and is a prudent social and economic policy.

Best Start will help parents in supporting their children to be successful in school. It will enhance existing services and introduce innovative approaches to healthy child development, early learning and care. It will also bring community services together in a comprehensive, flexible, integrated and seamless way, so that children and parents can access them at familiar neighbourhood locations.

Hamilton’s Best Start Implementation Plan was approved by Council on October 12, 2005 (Report SPH05005 (a)) (City Wide). The Province of Ontario committed to funding 100% of the cost of the initiative for five years. The City of Hamilton was advised of the initial Provincial allocation for our community for the three year period of 2005 to 2008 and staff has begun to implement the plan accordingly.

**Hamilton Best Start Initiative**
**Provincial Three Year Funding Allocation**

<table>
<thead>
<tr>
<th>Funding Envelope/Service Targets</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demo Area</td>
<td>$8,881,150</td>
<td>$21,155,970</td>
<td>$32,058,160</td>
</tr>
<tr>
<td>City Wide</td>
<td>$7,008,850</td>
<td>$8,874,030</td>
<td>$15,631,840</td>
</tr>
<tr>
<td>Total Funding</td>
<td>$15,890,000</td>
<td>$30,030,000</td>
<td>$47,690,000</td>
</tr>
<tr>
<td>Total Targets</td>
<td>260 licensed spaces</td>
<td>585 licensed spaces</td>
<td>1545 licensed spaces</td>
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Hamilton’s east end was selected by the Ministry of Children and Youth Services (MCYS) as one of three Ontario communities to serve as a demonstration site under the Province’s Best Start initiative. Best Start Demonstration sites are expected to ‘fast track’ implementation in order to identify ‘lessons learned’ to help inform implementation of the initiative across the rest of the Province.

**Current Status of Best Start Implementation in Hamilton**

The City as the CMSM has received the 2005/06 allocation of $15,890,000 from the Province and has begun to work with School Boards and other partners to undertake capital projects, and other work necessary to support the planned expansion of child care spaces and implementation of the broader vision of the Best Start Plan. It should be noted the 2005/06 allocation was provided to the City as an unconditional grant, thus allowing for greater flexibility in program planning and implementation. Further, the ‘unconditional’ nature of the grant eliminated the need for the full expenditure of the funds by the fiscal year end (March 31st).

A key feature of the Best Start demonstration site is the development of Neighbourhood Early Learning and Care Hubs. These are the cornerstones of the Best Start initiative and they are envisioned as vibrant places where families have access to core early learning and child care programs (e.g., public health services and well-baby visits, immunization, parenting programs, quality child care, pre-school programs, nutrition
programs, other school health programs); and some specialized supports (e.g. preschool speech and language, and mental health services). The hubs will also provide links to other specialized services (e.g. developmental services, child welfare, children’s treatment centres) and to other services in the community (e.g., recreation programs).

In Hamilton the services provided at the hubs will be coordinated through the existing Ontario Early Years Centres (OEYC). The decision to link with the OEYCs was purposeful and reflects Hamilton’s Best Start Network’s approach to build on existing programs and services rather than creating new stand alone initiatives.

Currently there are two Hubs operating in the demonstration site area. These hubs are providing the full components of the Best Start vision. Completion of the remaining Hubs is dependent on direction of council and the confirmation from MCYS on the allocation for 2006/07.

**ANALYSIS/RATIONALE:**

**Recent Federal Election – Implications for Best Start**

In 2005 the Federal Government announced $5 billion Canada wide Early Learning and Child Care funding over 5 years. Ontario was to receive $1.9 billion over that period. In May 2005 an agreement signed between the Province and the Federal Government outlined Ontario’s plans under Best Start to expand child care spaces, increase access to child care fee subsidies, improve wages for child care workers, and introduce or expand other early learning and child care supports. Two other Provinces, Manitoba and Quebec have similar bi-lateral agreements in place.

The new Federal Government has recently announced its intention to introduce legislation necessary this spring to bring in the Choice in Canada Child Care Allowance by July 1, 2006. This allowance will be available for every child under 6 years of age. Further, the Federal Government has formally advised the province of Ontario that it will cancel the Canada-Ontario bi-lateral agreement (signed in May 2005) as of March 31, 2007. The Federal government has signalled a shift away from the development of a national Early Learning and Child Care Program through these actions as well as the proposed introduction of an alternative plan to increase child care spaces by offering tax incentives to employers and non profit organizations to expand child care spaces.

Both the Liberal and NDP Opposition parties are ‘on record’ in their strong support of maintaining the current child care commitments between the Federal and Provincial governments. The position of the Bloc Party is not clear at this time. In the current situation it is unknown if the minority Government is willing to take a confidence vote, nor is it certain if the Opposition is prepared to defeat the Government on the child care issue.

**Provincial Reaction & Direction**

The Province continues to be in discussion with the Federal Government and has requested that the new government honour the existing Federal/Ontario agreement for
the expansion of child care. The MCYS has communicated to Municipal staff that it remains very committed to the Best Start Initiative and is continuing to move forward with the process. Further, Ministry staff have strongly encouraged CMSMs to continue to move forward with community partners on implementation of Best Start Plans in their communities.

The MCYS has confirmed that on Feb 22nd, 2006 it received official notification from the Federal Government of termination of the bi-lateral agreement effective March 31, 2007.

To date no official communication regarding ongoing commitment of 100% funding for Best Start has been forth coming from the Province since it received this notification. Nor has there been confirmation that the proposed 2006/07 funding allocations (previously announced as part of the three year allocation to CMSMs) will remain unchanged.

Current Advocacy Efforts to Support Continuation of Best Start

Various efforts across the country have continued to keep this issue on the 'political agenda'. This past month the Hamilton Best Start Program was profiled on the CBC National News. Recently the Child Care Advocacy Association of Canada has launched a Canada wide campaign (Code Blue) to save existing child care agreements. A number of other similar efforts are also under-way.

The Ontario Municipal Social Services Association (OMSSA) has developed a comprehensive Best Start advocacy strategy targeted to both the Federal and Provincial Governments.

OMSSA will continue to pressure the Federal government to re-consider its decision to cancel current bi-lateral agreements. Strategic alliances with other advocacy groups across the province and the country have been struck and are resulting in a strong message being sent to the new Federal government to honour the previous Government’s commitments to Early Learning and Child Care.

OMSSA has also played a leadership role in advocating to the Province on behalf of individual CMSM’s. The Association supports the Province’s advocacy efforts targeted to the Federal Government, but has also requested formal assurance from the Province that it will honour its commitment made to local communities and Municipal Governments about the Best Start Program.

Many Municipalities have already passed motions calling on both senior levels of Government to live up to the existing Early Learning and Child Care agreements.

Potential Impact on the Best Start Initiative and the City Of Hamilton

The funding currently flowing to the Province from the Federal Government under the bi-lateral agreement will continue until March 31, 2007. That being said, there is still no formal confirmation from Province that the City of Hamilton will receive the $30,030,000 2006/07 allocation that was identified in the original three year allocation received from the Province last year. MCYS staff continue to provide verbal assurances of the
Province’s commitment to Best Start and are still encouraging CMSMs to continue to move forward with local implementation plans.

Hamilton City Council has been clear that it is supportive of Best Start, but only if it is funded 100% by senior levels of Government. Further, Council is on record that it opposes additional downloaded costs or assuming costs for unfunded mandates. On the other hand the City has acknowledged the need to expand regulated child care in the City (City of Hamilton Child Care Plan) and is committed to working with community partners to address the issue of unacceptable levels of child poverty in our community. Best Start is an initiative that addresses these two policy issues.

Given the uncertainty that still exists at both the Federal and Provincial levels of Government, staff have completed an analysis of the Best Start Initiative in Hamilton, the associated risks for the City of Hamilton, and strategies to maintain the spaces created thus far under the initiative. Staff has also identified potential advocacy strategies the City could use to encourage both levels of government to maintain their commitments to Early Learning and Child Care.

Three options have been developed for consideration by Council to guide decision making in managing Best Start funding pending further information and commitment from the Province. While the City has no legal responsibility for maintaining programs and services that have been created with 100% Provincial dollars, it could be considered that as Child Care System Manager, the City does have an obligation to ensure the sustainability of the system that is being created. The options staff has developed are premised on proceeding with caution while balancing those issues as well as the practical realities related to construction of new facilities within school board buildings, and finally, the need to ensure the City is not placed at undue fiscal risk.

**ALTERNATIVES FOR CONSIDERATION:**

**Option #1**

The City of Hamilton could advise Boards of Education and other community service providers that it is temporarily suspending spending on all planned projects not yet under construction until formal re-assurance of future provincial funding of the Best Start initiative is received from the Province of Ontario. Those projects currently under construction would proceed. The un-conditioned 2005/06 grant would allow the City to sustain the programs and services associated with the spaces that have been created to date, and those currently under construction until approximately 2008. This option presumes no additional funds in 2006/07. It should be noted that the province will receive their allotment of federal funds for the period to Mar 31, 2007. However no confirmation has been received by the city on the allocation for 2006/07 from MCYS.

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<tr>
<th>PROS</th>
<th>CONS</th>
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<tbody>
<tr>
<td>The 524 spaces already created by the Initiative can be sustained through 2008.</td>
<td>No long term sustainable funding past 2008.</td>
</tr>
<tr>
<td>Projects currently under construction will proceed.</td>
<td>Pressure from the Best Start Network and the community to move forward with the</td>
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</tbody>
</table>
Of all three options this one presents the least future risk to City of Hamilton plan as submitted

This may be considered an overly conservative approach as the City is awaiting confirmation of the anticipated 2006/07 allocation.

Signals to the Province the community’s expectation that it honour its commitment to Early Learning and Child Care (Moving forward in ‘good faith’ that the Province will also do so).

Option #2

The City of Hamilton could continue to move forward with its commitment to projects/spaces already built, those under construction and those planned projects not yet currently under construction (total of approximately 981 spaces). No additional expansion of spaces would be considered until formal re-assurance of future provincial funding of the Best Start initiative is received from the Province of Ontario. The one time capital, as well as the annualized program and operational costs associated with sustaining these spaces/programs for a period of three years (the period of the Provincial Three Year Funding Allocation from 2005-2008) would amount to $23,025,650. Most of this cost ($15,890,000) could be funded through the 2005/06 unconditional grant; the remainder ($7,135,650) would need to come from the 2006/07 anticipated $30,030,000 Provincial allocation. While there is some risk to this approach, it would ensure the initiative would continue to move forward at a crucial time in its development.

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<tr>
<th>PROS</th>
<th>CONS</th>
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<tbody>
<tr>
<td>The annualized cost required to sustain the 981 spaces for the 3 year period of the initiative can be funded primarily from the 2005/06 unconditional grant; the remainder of the required funds would be from the 2006/07 allocation.</td>
<td>No long term sustainable funding past 2008.</td>
</tr>
<tr>
<td>Signals to the Province the community’s expectation that it honour its commitment to Early Learning and Child Care (Moving forward in ‘good faith’ that the Province will also do so).</td>
<td>May put the City as Child Care System Manager at greater risk for responsibility for expanded child care spaces if Provincial funding is not forthcoming at the levels expected for 2006/07.</td>
</tr>
<tr>
<td>Demonstrates commitment to community partners who have begun infrastructure work to expand spaces.</td>
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Option #3

The City of Hamilton could continue to move forward with the three year plan for child care system expansion in accordance with Hamilton’s Best Start Implementation Plan. This option is not recommended for consideration.

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<tr>
<th>PROS</th>
<th>CONS</th>
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<tbody>
<tr>
<td>None identified given uncertainty by the senior levels of Government.</td>
<td>There are no assurances of future funding. The City would be at greater risk of responsibility for further expanding the child care system while knowingly not being certain of funding beyond 2006/07.</td>
</tr>
</tbody>
</table>

Future Considerations

Once the Province announces its ongoing commitment to the initiative beyond 2005/06, it will be necessary for Municipalities and local Best Start Networks to review their Best Start Plans and determine whether forthcoming Provincial dollars will only be sufficient to sustain system expansion achieved to date, or whether they will provide for continued expansion of the system in accordance with the original Best Start Vision. Our local Best Start Plan would be revised as required at that time. Current programs such as the preschool universal component would have to be reviewed for continuation past June/06.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

**Financial**

Staff has completed an analysis of Option # 1 and Option #2 in order to determine the ability to sustain the Best Start Initiative in Hamilton. At this time the only confirmed funding is the 2005-06 allocation received as an unconditional grant of $15,890,000. While the City is expecting the Province to announce its 2006/07 allocation of $30,030,000 in the near future, given the uncertainty about this issue at the senior levels of Government it is not realistic to assume this funding is assured.

Analysis of the both Option #1 and #2 have taken into consideration the capital costs of the initiative as well as the on-going (annualized) administration, planning funding, program start up, other program funding costs, fee subsidy (based on history of funding approximately 65% of licensed spaces) and wage subsidy costs (based on the current Ministry Guidelines for distribution of wage subsidy dollars), evaluation costs, and integration costs. Only the current level of cost shared fee subsidy spaces (80 % Provincial 20% City) would remain in the system after the anticipated termination of the Best Start funding. There is a risk therefore for the community child care operators in the expanded system in that they would be more dependent on the fee paying parents to fill the expanded spaces. As a result, the stability of the child care system in our community would be compromised. Further, wage subsidy levels would also return to the level of the current cost shared envelop (80% Provincial 20 % City) and therefore dollars available to support wages in the expanded child care system would also not meet the increased needs. The City as Child Care System Manager would be in the position of managing an increasingly under funded system.
Option #1 Cost analysis can be summarized as follows:

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<tbody>
<tr>
<td>Spent to date</td>
<td>2,314,480</td>
</tr>
<tr>
<td>2006 (annualized estimate including one time costs)</td>
<td>7,240,283</td>
</tr>
<tr>
<td>2007 (annualized estimate)</td>
<td>5,802,209</td>
</tr>
<tr>
<td>2008 (To Feb 1/08)</td>
<td>533,028</td>
</tr>
<tr>
<td>Total</td>
<td>15,890,000</td>
</tr>
<tr>
<td>Total Spaces Created</td>
<td>524</td>
</tr>
</tbody>
</table>

- $15,890,000 total 2005/06 unconditional grant received
- 524 projected spaces created
- The spaces under this option can be sustained until Feb 1, 2008

The above breakdown represents the amount of capital, major and minor, as well as operational start up funding for projects already completed or under construction. The major capital projects are due to open in Sept/06. This includes no utilization of the proposed (but not confirmed) 2006/07 Provincial allocation.

Option #2 Cost analyses can be summarized as follows:

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</thead>
<tbody>
<tr>
<td>Spent to date</td>
<td>2,314,480</td>
</tr>
<tr>
<td>2006 (annualized estimate including one time costs)</td>
<td>10,589,796</td>
</tr>
<tr>
<td>2007 (To May 1/07)</td>
<td>2,985,724</td>
</tr>
<tr>
<td>Total</td>
<td>15,890,000</td>
</tr>
<tr>
<td>To continue to Mar 31/08 (Funding would be from anticipated 2006/07 Allocation)</td>
<td>7,135,650</td>
</tr>
<tr>
<td>Total for 3 Years</td>
<td>23,025,650</td>
</tr>
<tr>
<td>Total Space Created</td>
<td>981</td>
</tr>
</tbody>
</table>

- $15,890,000 total 2005/06 unconditional grant received
- 981 projected number of spaces created
- Funding from the unconditional grant would be fully utilized by May/07. In order to sustain the spaces until what Mar 31/2008 an additional $7,135,650 funding from the proposed (but not confirmed) 2006/07 Provincial allocation would be required

**Staffing**

No Implications at this time.
**Legal**

Draft Infrastructure Agreements are still being reviewed by both the Boards of Education and the City’s legal departments at this time.

**POLICIES AFFECTING PROPOSAL:**

The Best Start Initiative was launched by the Province of Ontario in response to a specific problem; namely that 25% of the children in the Province of Ontario are not ready to learn when entering Grade 1. Research has demonstrated that children attending a high quality child care program have a greater ability to achieve success. Further, the child poverty rate in Ontario has remained at 15-16% since 2000 despite strong economic growth (443,000 children in Ontario – one in six – live in poverty). In Hamilton 22,525 or 24% of children 0-14 years live in poverty. High quality child care has been identified as one essential pathway out of poverty. Early learning and childcare promote children’s well being and strengthen the foundation for lifelong learning. Quality childcare enables parents to work and/or attend school, thus supporting their efforts to move their families out of poverty. The Hamilton Roundtable for Poverty Reduction has identified “critical points of investment” that our community needs to make to combat poverty from birth through adulthood. One of these critical points of investment is ‘ensuring universal access to high quality early learning and child care’.

In Ontario prior to the introduction of the Best Start Initiative there was only enough regulated child care spaces to accommodate 10.7 % of children 0 to 12 years. In Hamilton there are only enough regulated child care spaces to accommodate 8% of children 0 to 12 years. In Canada as a whole there are regulated child care spaces to accommodate 15.5 % of children. In Quebec there are regulated child care spaces to accommodate 29.9 % of children. The provision of regulated spaces in Hamilton and the Province of Ontario is significantly lower than the national average. With the full implementation of the original three year target of child care spaces in Hamilton (as detailed in the Provincial Allocation for our community) we would have enough regulated child care spaces to accommodate 11% of children 0 to 12 years (an increase of 3 percent.

**RELEVANT CONSULTATION:**

Staff has consulted extensively with other CMSMs through the Ontario Municipal Social Services Association (OMSSA). This consultation provides staff the opportunity to monitor the approaches other CMSMs are taking to respond to this shift in Federal policy direction. Staff has continued to consult with Hamilton’s Best Start Network, staff from the local area office of the Ministry of Children and Youth and representatives from the Boards of Education about the Best Start funding uncertainty.

**CITY STRATEGIC COMMITMENT:**

By evaluating the “Triple Bottom Line”, (community, environment, and economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.
Community Well-Being is enhanced.  ☑ Yes  ❋ No

A high quality early learning and child care system will contribute to the healthy development of children while simultaneously ameliorating the negative effects of poverty.

Environmental Well-Being is enhanced.  ☐ Yes  ❋ No

Economic Well-Being is enhanced.  ☑ Yes  ❋ No

Decades of research and evidence have demonstrated the long term economic benefit of the investment of children in the early years.

Does the option you are recommending create value across all three bottom lines?  

☐ Yes  ❋ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants?  

☑ Yes  ❋ No

This initiative cultivates an environment that publicly values children and supports parents in facilitating healthy child development outcomes.