

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON  
MUNICIPALITÉ RÉGIONALE D'OTTAWA-CARLETON

REPORT  
RAPPORT

Our File/N/Réf.  
Your File/V/Réf.

DATE	22 September 1997
TO/DEST.	Co-ordinator Community Services Committee
FROM/EXP.	Commissioner Social Services Department
SUBJECT/OBJET	<b>UPDATE ON REGIONAL CHILD CARE CAPITAL FUNDING POLICY</b>

### **DEPARTMENTAL RECOMMENDATION**

**That Community Services Committee recommend Council receive this report for information.**

### **PURPOSE**

This report provides an update on the Program Support, Development and Expansion funding stream and on activities the Department is undertaking to develop a long term child care strategy, which will include a capital plan for community infrastructure.

### **BACKGROUND**

At the Community Services Committee meeting of 3 July 1997 consideration was given to a new child care capital grant funding policy, which contains a policy framework, broad funding criteria, identifies possible revenue sources and an allocation process. The capital grant funding policy has three funding streams, each with unique funding levels. Committee and Council approved the new child care capital grant funding policy including the allocation process for all three funding streams, but deferred approval of the Program Support, Development and Expansion stream until the first meeting of October.

The Department was also directed to pursue negotiations with the Province to allow for the inclusion of depreciation and maintenance costs as eligible expenses in the calculation of per diem rates and to prepare a long term budget plan for future capital needs over the time-frame of the Regional Official Plan.

The Region's new child care capital grant policy has been developed in response to the provincial freeze in June 1995, of all child care capital grant funding and the subsequent recommendations for reform contained in the Provincial Child Care Review, released in September of 1996. The introduction of legislation to implement new provincial child care policies is anticipated by the end of 1997 or in early 1998.

Without having clarity on the provincial government intentions on the child care program it is difficult to establish a policy recommendation in relationship to major capital. Consequently the Department will continue to address capital needs as they arise with a focus on maintaining the existing service levels.

#### PROGRAM SUPPORT, DEVELOPMENT AND EXPANSION FUNDING STREAM

The program support, development and expansion funding stream is the main component of the capital funding program. Priorities for capital allocations will be established to support the current operational needs of the child care system.

During 1997 the Region has responded to emergency requests for child care capital funding for relocation and/or renovation costs to support the continued operation of child care programs in the community. The majority of projects that are currently in the planning phase are considering locating their programs in school board properties. Upon review of these requests it seems likely that the provincial initiative to amalgamate school boards and the creation of The Education Improvement Commission will likely result in no new proposals coming forth in the next few months. The current climate of change makes it difficult for school boards to finalize the sale or long term lease of properties.

Should any emergency project request be received they will be dealt with on a case by case basis. The funding level for each project would be determined based on such criteria as potential reserve funds the centre may have, their ability to fundraise and other possible funding sources for the project.

This interim approach is a short term solution. Once the Province has introduced new child care legislation and the future direction of child care has been determined the Department will develop recommendations for the program support, development and expansion funding stream. In developing the new guidelines the Department will consider the community input that has been received regarding the level of the regional contribution within this funding stream.

The Department believes that part of the solution for funding major child care capital infrastructure lies with the development of community funding sources over the long term. Through collaboration with the child care community the Department has begun to investigate the development of stable community funding sources that child care projects could access in conjunction with regional grants. This would also address the many challenges the child care community faces in their efforts to successfully fundraise for major capital projects. The Department has developed a proposal, with the support of the child care community and has approached the Community Foundation of Ottawa-Carleton to investigate the feasibility of establishing a new child care capital fund. Other funding opportunities will be investigated as well as tools that could be developed for the use of child care centres in their fundraising efforts.

### LONG TERM PLANNING UPDATE

#### 1. Per Diem Rates

Potential funding sources have been identified to assist in financing the new grant program. A possible option to provide for a portion of future funding of capital infrastructure is through the purchase of service rates for subsidized spaces. In the past the Province has not allowed child care programs to include depreciation as an eligible expense or for the creation of reserve funds for capital needs. The Province has instead chosen to fund capital requirements through the allocation of grants. Including depreciation or reserve funds in the subsidy rates would increase the operating costs of the child care system to both the Province and the Region, but it could attract provincial subsidies.

In pursuing this funding option the Department has had initial discussions with the Provincial Area Office, to assess whether the Province is willing to explore the inclusion of an allowance for depreciation and maintenance costs in the setting of per diem rates. This has been followed up by a formal letter from the Department, to which a reply has not yet been received. The Department will continue to explore this financing option.

#### 2. Long Term Capital Budget

The Department is proceeding with the development of a long term capital budget for child care infrastructure in Ottawa-Carleton. The child care capital grant program is intended to complement and support the operational needs of the child care system in Ottawa-Carleton. The Ottawa-Carleton child care community and the Region have both identified the maintenance and preservation of our existing programs and infrastructure as the highest priority within the capital grant program.

The Department has begun work with the Property Services Division to identify the expected capital requirements of existing child care programs in Ottawa-Carleton. A questionnaire has been designed, which will be distributed to the child care community. Professional assistance will also be sought to assess maintenance requirements for buildings that are owned by child care programs.

The information gathered will provide the basis for an assessment of the current infrastructure. Work will also be done to determine what proportion of required ongoing maintenance can be covered through the existing per diem rate structure and through health and safety related funding that is cost shared with the Province. This will result in the development of a strategic plan for protection of our existing infrastructure and will identify the budget resources that would be required to achieve the plan.

The second component of a long term capital plan is for future expansion of the system. Since the capital grant policy is designed to support the operational needs of the child care system, future operational needs must be established prior to the capital needs of the system. The Department has begun the development of a long term strategy for future growth in the child care system. A strategic plan has been completed by the child care community for child care services provided in french. The Department has begun initial discussions with The Child Care Council Of Ottawa-Carleton to work with the Department in undertaking a similar planning process for the rest of the system. An integrated operating and capital strategy will maintain the viability of the existing system, ensure growth serves priority needs and the development of a long term budget plan will support the implementation of the strategy.

### FINANCIAL IMPLICATIONS

Two Provincial initiatives, legislative reform and the municipal role in child care services will have to be incorporated into the long term strategy since they both potentially have financial implications for the Region. The intent of the Megaweek announcements by the Province are to shift more responsibility to municipalities in the provision of child care services. Municipalities are expected to inherit program licensing responsibilities as well as funding responsibilities for child care programs outside of the fee subsidy system, such as resource centres. It is projected that the Region will have to share in an additional \$15 million in gross costs. The work the Department is presently undertaking in planning for future needs of child care will have to be reassessed with the introduction of legislation and the establishment of the future role of municipalities in the delivery of child care services.

### PUBLIC CONSULTATION

As part of the development of a new policy for the child care capital grant program the Department designed a questionnaire, available in both english and french, that was distributed to all licensed child care programs in Ottawa-Carleton as well as community services such as child care resource centres. The Department distributed over 150 questionnaires and received 56 responses. The policy framework and recommendations in the new capital grant program are consistent with the input received.

Many community respondents favoured a permanent policy of regional contributions of between 80% and 100% of total project costs, particularly for the Program Support, Development and Expansion Funding Stream. The community input that has been received through this consultation process will be considered in the development of the permanent policy. The Department will continue to work closely with the child care community in the development of a long term strategy and budget plan.

## CONCLUSION

While ensuring a response to emergency situations, the Department will continue to pursue the issues as outlined above and once the new Provincial direction in child care has been established we will come forward with a permanent policy for the Program Support, Development and Expansion funding stream. The Department will continue to work with the child care community to develop community funding partners for child care infrastructure development.

*Approved by  
Dick Stewart  
Commissioner*