

TO: CITY MANAGER 1999 JANUARY 13

FROM: DIRECTOR PLANNING AND BUILDING OUR FILE: 17.410

**SUBJECT: BURNABY ASSOCIATION FOR THE MENTALLY HANDICAPPED
INFANT/ TODDLER CHILD CARE SERVICES**

PURPOSE: To provide information on the proposed closure of the Burnaby Association for the Mentally Handicapped's infant/ toddler child care programs.

RECOMMENDATIONS:

1. **THAT** the Mayor, on behalf of Council, write to the Minister for Children & Families to request that
 - a) emergency funding be provided to assist with the Burnaby Association for the Mentally Handicapped's current child care program deficit, on the understanding that the Association will continue to i) operate the programs until at least 2000 March 31, and ii) work with the Province in developing an approach to running the operations on a financially viable basis,
 - b) sufficient funds be allocated through the Public Services Employers' Council to cover the costs of any settlements reached for the Child Care Sector at the Community Social Services Employers' Association bargaining table, and
 - c) a Provincial Child Care Plan be developed to provide increased stability and certainty to the child care sector in BC.
2. **THAT** copies of this report be sent to Burnaby's four MLAs and Jack Styan, Executive Director of the Burnaby Association for the Mentally Handicapped.

R E P O R T

1.0 BACKGROUND

At its 1998 December 14 meeting, Council requested that staff prepare a report on the proposed closure of the Burnaby Association for the Mentally Handicapped's (BAMH's) infant/ toddler child care programs. The request was prompted by a letter from the Executive

Director of BAMH which indicated that, for financial reasons, the Association intended to close the infant/ toddler child care programs at its Variety Hotelier and Fair Haven sites in early 1999.

This report provides background information on the proposed closures, discusses the broader implications of the proposals, and puts forward recommendations for Council's consideration on the matter.

2.0 BAMH'S INFANT/ TODDLER CHILD CARE SITUATION

BAMH is the second largest provider of group day care services in Burnaby, following SFU. It currently operates six child care programs, with a total licensed capacity of 124 spaces. 32 of these spaces are for infants and toddlers (children aged under 3 years), representing 17% of the licensed infant/ toddler group day care spaces in the city. Twenty infant/ toddler spaces are located at the Variety Hotelier site, and the remaining 12 are located at the Fair Haven site. BAMH proposes to close the Variety Hotelier spaces on 1999 March 1, with the Fair Haven spaces being closed sometime thereafter.

The Executive Director of BAMH cites two key reasons for the proposed closures:

- ***Introduction of the Supported Child Care Initiative:*** After years of planning, the Province recently phased out its Special Needs Child Care Program, replacing it with the Supported Child Care Initiative. Under Special Needs Child Care, organizations such as BAMH received global funding to provide care for children with special needs. Under Supported Child Care, funding is provided directly to families, enabling them to obtain care in a setting of their choice. The Ministry for Children & Families (MCF) also provides funds for additional staffing required by children with special needs. Notwithstanding the merits of Supportive Child Care (i.e., promoting parental choice and enabling children with special needs to obtain care in "typical" settings), the Executive Director of BAMH claims its introduction has resulted in significant revenue reductions for his organization and other agencies that formerly had special needs child care contracts.
- ***Increasing Compensation Costs:*** The Community Social Services Employers' Association (CSSEA) was established in 1994 under provisions of the Public Sector Employers Act. CSSEA coordinates human resources planning and labour relations within the community social services sector in BC. Its current membership consists of over 650 unionized and non-unionized agencies, including 138 in the Child Care and Related Early Childhood Services Division.

CSSEA is currently coordinating contract negotiations on behalf of various community social service employers, including those in the Child Care Sector that are certified by the BCGEU (the largest union representing child care workers). For the negotiations, CSSEA is adhering to guidelines established by the Public Sector Employers' Council (PSEC). The current round of bargaining represents the third time that CSSEA has negotiated on behalf of BAMH.

While acknowledging that child care workers do important work and deserve fair compensation, the Executive Director of BAMH cites three concerns.

- *Inadequate Funding:* Since 1994, when CSSEA began bargaining on behalf of BAMH, the Association's child care wages have increased by 14%, to a current base rate of \$14.63 per hour. During the same period, Provincial funding to offset these increases has only risen by 7.9%.
- *CCP Calculations:* In 1998, the Province introduced the Compensation Contribution Program (CCP) to replace two previous programs: the Wage Supplement Initiative (WSI) and the Infant Toddler Incentive Grant (ITIG). Like the WSI, the CCP is intended to raise the wages of lower paid child care workers. Like the ITIG, it is designed to help offset the higher cost of providing care for infants and toddlers. While supporting the aims of the CCP, the Executive Director of BAMH believes that the formula used in calculating its benefits is flawed. Specifically, the CCP does not explicitly recognize the current salaries being paid by an employer. Therefore, an agency providing an identical child care operation to BAMH would receive the same level of CCP payments per employee as the Association - even if its wage scale was substantially lower. Through PSEC guidelines and CCSEA bargaining, the wages of all unionized child care workers are intended to reach the same level over the next year or so. In the meantime, BAMH's Executive Director contends that his agency is being penalized for "being ahead of its time" in providing wages on the higher end of the spectrum.
- *Charitable Gaming Revenues:* While charitable gaming offers a potential funding source for BAMH, the Executive Director of the Association contends that inequity exists with the current method for disbursing the funds. By way of example, he notes that a stand alone child care organization serving 40 children might receive about \$30,000 in annual revenues from charitable gaming. An multi-service organization such as BAMH, which

serves more than 200 children and 200 adults a year might only receive about \$60,000 in charitable gaming revenues. The Executive Director claims that such inequity promotes the establishment of smaller organizations that support fewer people. This trend is in direct conflict with the Ministry for Children & Families' goal of "rationalizing" the community social services sector.

3.0 CURRENT STATUS AND ACTIONS

BAMH's projected deficit for its six child care centres for the 1998-99 fiscal year is \$129,419. To address this situation, the Association has taken the following actions:

- **Reduced the number of supervisors at the Variety Hotelier and Fair Haven centres** - This change, implemented on 1999 January 1, is projected to save the Association \$7099 per year.
- **Reduced supervisory administrative time** - With the introduction of the Supportive Child Care Initiative, the Association expects to be able to reduce the administrative time of supervisory staff at each of its six centres by 7.5 hours per week. This change was introduced in 1999 January 1 and is expected to result in a savings of \$47,927 for the year.
- **Raised user fees** - Effective 1999 February 1, BAMH. will be raising user fees at all of its centres. For example, fees at the Variety Hotelier Under 3 Program will rise from \$830 to \$900 per month, while fees at the Fair Haven Under 3 Program will increase from \$850 to \$900 per month. Assuming enrolments are not affected, the increased fees will provide the Association with an additional \$58,920 for the year.

Despite these actions, preliminary budgets for the Association's child care programs for 1999-2000 show a projected deficit of \$51,075. The projected deficit for the infant/ toddler programs is \$54,612 - *accounting for 107% of the Association's total projected child care deficit for the year*. Stated another way, the projections suggest that BAMH.'s child care programs could run a small surplus if the infant/ toddler programs were closed.

The chief reason for the financial fragility of infant/ toddler care is the high staffing requirements for such programs. Through the Provincial Child Care Regulation, the minimum staff: child ratio for infant/ toddler care is 1:4, compared with a 1:8 ratio for group day care for older children. Thus on a per child basis, the staffing costs for infant/ toddler programs is double that of 3 - 5 year group day care program. The reality is that, without sufficient external funding or internal subsidies, it is difficult if not possible for infant/ toddler programs to be financially viable in BC.

The Executive Director of BAMH. has met with representatives of the Burnaby Regional MCF Office about the financial concerns with the Association's child care programs. At the time of this writing, no resolution has been reached. Failing an emergency grant to address its 1998-99 child care operating deficit (requested at \$100,000), BAMH. intends to proceed with closure of the Variety Hotelier Under 3 program on 1999 March 1. It would close the Fair Haven Under 3 program sometime thereafter.

4.0 DISCUSSION

In reviewing BAMH.'s child care situation, the following conclusions emerge:

- a) BAMH.'s situation is serious. Provincial funding has not kept up with increases in staffing costs. Further, despite efforts to increase staff efficiencies and raise parent fees, the Association continues to project large deficits for its infant/ toddler programs.
- b) Loss of BAMH.'s infant/ toddler spaces would be a major blow to Burnaby. The Association runs 17% of all licensed group infant/ toddler child care spaces in the city. Closure of the spaces would affect families currently using the spaces, centre staff, and the broader community.
- c) Some circumstances affecting BAMH.'s child care situation are unique to the Association (i.e., the impact of the transition to Supported Child Care and the comparatively high wages of the Association). Others, however, are shared across the broader child care sector (e.g., the challenges of providing quality, affordable infant/ toddler care within existing Provincial funding and regulatory guidelines). Therefore, BAMH.'s situation should not be viewed in isolation. Further, any strategy for addressing its concerns must also recognize the issues facing the broader child care sector in B.C.

It is important to note that the Province has made significant contributions to child care in recent years. For example, it contributed \$38.6 million to child care in its 1988-89 fiscal year. By 1998-99, it contributed \$188.5 million - a 388% increase over 10 years earlier.

While acknowledging the increased Provincial commitment, key child care concerns remain - both for BAMH. and the broader child care sector. To address these concerns, three actions are proposed:

- a) **Emergency funding:** Acknowledging the unique circumstances facing BAMH., and given the importance of retaining quality licensed infant/ toddler child care spaces in Burnaby, staff believe that the Association's request for emergency Provincial

funding deserves support. We suggest that two conditions be attached to any provision of emergency funding, however: i) the Association should be asked to commit to continue operating its programs for a minimum specified period (say, 2000 March 31), and ii) it should agree to work with the Province in developing an approach to running the operations on a financially viable basis.

- b) **Sufficient funds for CSSEA child care settlements:** As noted, CSSEA is currently undertaking contract negotiations with child care workers represented by the BCGEU. To ensure that the new contracts are affordable for child care operators, and that future closures are avoided, it is important that sufficient Provincial funding be allocated to cover the costs of any settlements reached for the Child Care Sector.
- c) **Provincial Child Care Plan:** The foregoing proposals focus on short term concerns. To address the long term viability of child care in BC, it is important that a Provincial Child Care Plan be developed. The plan should provide a strategic long term vision for where child care is headed in the province, and how the government, child care providers, and community can cooperate in the plan's realization. The key is to increase stability and reduce uncertainty to the child care sector in BC.

5.0 CONCLUSION AND RECOMMENDATIONS

This report provides information on the proposed closure of BAMH's infant/toddler child care programs, discusses the broader implications of the closures, and puts forward some suggestions for addressing the situation. The report concludes that closure of the BAMH programs would be a major concern for Burnaby. It also concludes that, despite some unique circumstances with BAMH, other operations also face challenges in delivering child care on a financially viable basis.

Research has shown that quality early childhood development not only yields social benefits, but economic benefits as well. Indeed a study by University of Toronto economist, Gordon Cleveland concluded that there is a \$2 return on every \$1 invested in child care. Conversely, if quality child care spaces are lost or become too expensive, parents could seek less costly unregulated options, and social and economic "disinvestment" could occur.

Based on the foregoing, it is recommended that the Mayor, on behalf of Council, write to the Minister for Children & Families to request that

- a) emergency funding be provided to assist with the Burnaby Association for the Mentally Handicapped's current child care program deficit, on the understanding that the Association will continue to i) operate the programs until at least 2000 March 31, and ii) work with the Province in developing an approach to running the operations on a financially viable basis.

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- b) sufficient funds be allocated through the Public Services Employers' Council to cover the costs of any settlements reached for the Child Care Sector at the Community Social Services Employers' Association bargaining table, and
- c) a Provincial Child Care Plan be developed to provide increased stability and certainty to the child care sector in BC.

It is further recommended that copies of this report be sent to Burnaby's four MLAs and Jack Styan, Executive Director of the Burnaby Association for the Mentally Handicapped.



D.G. Stenson, Director
PLANNING AND BUILDING

JF\sa

cc: Director Finance
Director Parks, Recreation & Cultural Services

