

Beaumont Child Care Services Review

Final Report

City of Beaumont

December 15, 2018

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Authorship and Document Purpose

This report is prepared by Grant Thornton LLP (Grant Thornton) for the City of Beaumont (also referred to as Beaumont). This report is based on information and documentation that was made available to Grant Thornton as well as information obtained from third party sources prior to the drafting of the report. Most of the information was gathered from interviews with, and documents provided by, Beaumont management and key staff. As such, Grant Thornton assumes no responsibility and makes no representations with respect to the accuracy or completeness of any information provided to us. We are not guarantors of the information which we have relied upon in preparing our report, and except as stated, we have not attempted to verify any of the underlying information or data contained in this report. It is understood and agreed that all decisions in connection with the information as presented in this report shall be the responsibility of, and be made by Beaumont.

This report is confidential. It was prepared for Beaumont in relation to the Child Care Services Review engagement. This report is not to be used for any other purpose, and we specifically disclaim any responsibility for losses or damages incurred through use of this report for a purpose other than as described.

The purpose of this document is to provide a high-level overview of the history and current context of the Child Care Services delivered by Beaumont. A key purpose is to provide a framework for future steps and decisions to be taken by the Council of the municipality of Beaumont, in respect to the future of the Child Care Services program. This draft report is provided to gather client feedback and is subject to change.

Executive Summary

This review of the Child Care Services (CCS) currently delivered by Beaumont was commissioned by the staff of Beaumont to illuminate the context and possible next steps for Council in creating certainty for parents and for employees of the program.

Beaumont has been offering child care for 38 years. The program was established in 1980, arising from a desire to fill a gap for child care in a community that values the support of families, and in response to the fact there were no other meaningful alternatives for parents.

In 1980, the population of Beaumont was about 2,600 people, and the Program had 29 spaces. Today, the population of Beaumont is 18,829 and Beaumont has 138 child care spaces (78 Early Learning Childcare Center (ELCC) spaces and 60 School Age Site (SAS) spaces).

Since the late 1990's, the Program has operated under a cloud of uncertainty. There have been reviews of the program every 3 – 6 years. Pertinent content from these reports is set out in Appendix 'B'.

In 2018, Beaumont is again in conversation about the future of the program. This report seeks to establish a framework for that conversation. Specifically, this report outlines potential options for Council to consider, criteria to evaluate options, initial findings to begin to inform Council's decisions, and suggests next steps.

Approach

This review considered four inputs:

1. Interviews with internal stakeholders: Beaumont employees with knowledge of the delivery of Child Care Services for Beaumont, and senior employees who are key decision-makers with respect to the operations and the future of the Child Care Services program.
2. A scan of the historical documentation surrounding the Child Care Services program in Beaumont.
3. A review engaging the private child care providers in Beaumont.
4. A tailored jurisdictional scan looking at the limited number of municipally-delivered or -funded Child Care Services in Alberta.

Consultation with parents/guardians who use the Child Care Services program was out scope for this study.

Findings

In our work we identified four key findings:

1. **Changes in Beaumont.** Beaumont has changed significantly since the time the Child Care Services program was founded in 1980. These changes have implications regarding the CCS, and collectively suggest the original premises upon which the CCS was founded may no longer be valid. For example, when the program was founded, there was no privately run child care programs in Beaumont, and today, there are a growing number of external providers. A detailed summary of the changes are presented in this report.
2. **Uncertainty.** General uncertainty surrounding the future of the program was a common theme. This issue transcended opinions as to whether or not Beaumont should continue to offer Child Care Services. There is a strong desire to see direction and certainty regarding future of the program.
3. **Financial factors.** According to Council Policy #24, referred to as the 'Child Care Deficit Policy', Beaumont is committed to provide a subsidy of 20% of the direct operating costs associated with the CCS program. The subsidy in 2017 was \$345,338 or 24%. As a result of a wage freeze and other cost-saving initiatives, direct operating costs (excluding indirect cost allocation) of the CCS program went from \$2,135,367 in 2016 to

\$2,067,861 in 2017, a 3% decrease. However, while excluding them from the subsidy calculation, Beaumont also allocates indirect costs (e.g. accounting, administrative, management, IT, HR, communications, rental costs, and ammonization) as well. These excluded costs totalled \$270,600 in 2016 and \$264,296 in 2017. As a result, the *total direct and allocated indirect costs* for Beaumont's CCS program was \$681,200 in 2016 and \$609,634 in 2017, approximately equivalent to \$4,936 per child in 2016 and \$4,418 per child in 2017. The fees charged per child (excluding SAS numbers) are approximately \$975 per year in both 2016 and 2017. This compares to the average fees charged by private providers as \$913 per year (though some differences exist due to the age of the child).

4. **Limited capacity.** Beaumont's child care facilities can accommodate three percent of the tax-paying households with children (Canadian Census, 2016). In 2005 the Hargreaves study suggested that at the time Beaumont's program was able to meet 20% of estimated demand. Beaumont has grown seven-fold since then. Participants are accepted into the program on a first-come-first-served basis, and the program is unable to meet demand.

The Central Question

We find there are three strategic questions facing Beaumont Child Care Services. We explore these questions in depth later in this report, but in summary they are:

1. Is the program delivering value?
2. Is the delivery of the municipal service fair and equitable?
3. Should a municipality be in the 'business' of delivering child care services directly?

The uncertainty that has hung over the program since the 1990's is the product of all three questions, but we propose the central question is:

"What is the level of support from the citizens of Beaumont for a program which the majority of citizens subsidize through their taxes but which only a minority can benefit from?"

Child Care Service Options

Based on the results of the internal consultation program, the following go-forward options were identified. These options were also discussed in previous studies.

- **Retain the status quo** – make no strategically significant changes to the program;
- **Expansion** – expand the program alone or in partnership with other players, perhaps such as the YMCA or a private provider;
- **Full cost recovery** – continue to deliver the program as it is, but end subsidization, optionally including the excluded costs set out in Council Policy #24.
- **Partnerships** – retain or expand the program with - or transfer the responsibility of delivery to – a partner; or,
- **End involvement** – end all involvement with the delivery of CCS in the community; leaving the responsibility to other organizations entirely.

Assessment

In our report we provide a matrix of the options based on our understanding of the considerations we have already set out. This is a holistic and high-level assessment based on the findings presented in this report. There is a full explication of the options, the criteria, and the assessment in the report, below.

The Key and the Assessment Table

	Addresses the criteria or resolves the issue positively
	Partially addresses the criteria, or is a partial or mixed resolution of the issue
	Doesn't address the criteria successfully or positively, or doesn't resolve the issue, or makes the issue worse

	'Central Question'	Demand / Capacity	Operations	Financial	Uncertainty
Expansion					
Status Quo					
Cost Recovery					
Exit					
Expansion w/Partners					
Exit w/ Partners					

Next Steps

Prior to making a final decision we recommend Beaumont develop a Communication Plan outlining both the steps Council and its employees will take in arriving at a final decision regarding the delivery of Child Care Services, and the steps that will be taken to involve citizens, and especially parents, in the decision-making process.

Further Input Requirements

In a table, we identify where there is good information available to assess that criterion; and what, if any, further information may be required.

After the table we set out the two areas that will most impact any decision:

1. Community and Demand
2. Market and Capacity

Further Questions, Information Availability, and Information Required

To decide between the options, we propose the following as criteria for making a decision.

Criteria Area	Specific questions	Information Exists?	Further Information-gathering
Community and Demand: Community and family impact; Demand	What is the will of the citizens of Beaumont regarding Beaumont's involvement in the delivery of Child Care Services? What is the impact on families enrolled in CCS, or on the waiting list? What is the level of current and future demand?	Limited; anecdotal	1. Round tables, focus groups, and facilitated town hall to develop dialogue and understanding. 2. Interview and questionnaire surveys (potentially repeating the 2005 Hargreaves telephone interview survey).
Market Capacity: Capacity of external providers	What is the Child Care Services capacity in Beaumont, now and in the future?	Limited; anecdotal	1. A market report on the total current and planned Child Care Services capacity in Beaumont. 2. Identify and survey every player in the community including not-for-profit organizations, child care businesses, Day Home, and public institutions like the Black Gold Schools Division.
Operational factors: Resources and Staff	What are the impacts of a decision on Beaumont's human (staff), and systems/facilities resources?	Moderate	1. Work with the Human Resources department to identify impacts; 2. Conduct an analysis on the impacts of the CCS leaving or remaining in existing ELCC space; 3. Conduct an analysis of the impact of any option chosen other than 'status quo', on those resources identified as "excluded" in Council Policy #24

Criteria Area	Specific questions	Information Exists?	Information-gathering required
Financial: Net economic benefit; financial implications	<p>What would the net financial impacts of an option be, relative to other options?</p> <p>What other financial impacts can influence Beaumont's decision (e.g. eligibility for \$25/day program)</p>	Moderate	Develop models for options chosen, with a particular focus on human resources and financial impacts, but also considering facilities and similar resources.
Risk: Stability vs. uncertainty	<p>Does an option reduce the uncertainty around the CCS program?</p> <p>Does an option establish a commitment to a direction and resources over the long term?</p>	Good	These questions can be answered internally through existing modelling, budgeting, and governance policies and procedures.

Community and Demand

We recommend Council go to the citizens of Beaumont for guidance in two overlapping stages: engagement and feedback.

Engagement

Use mechanisms like round tables, focus groups, and facilitated town hall meetings not just to solicit opinions as to a direction, but to develop dialogue and understanding.

Feedback

To determine capacity, we suggest repeating the approach to determine demand used in the 2005 Hargreaves study, using direct telephone surveys of homes to determine the level of need for child care services in the community.

Market and Capacity

We recommend commissioning a report on the total current and planned child care services capacity in Beaumont. This would involve identifying every player in the community including not-for-profit organizations, child care businesses, Day Homes, and public institutions like the Black Gold Schools Division; and, enrolling them in a collective effort to understand current and future capacity.

The private providers have been seen as reluctant to participate, but in preparing this report we discovered this was as much a function of time constraints as it was of any negative sentiment.

We sensed that given the time and the resources, the significant majority of providers would be open to contributing to an understanding of the child care landscape in Beaumont.

This phase requires identifying and spending time with existing providers, and following up on 'word-on-the-street' information about new players setting up shop in Beaumont. Knowledge of these plans, especially from some of the larger 'corporate' providers like Kids and Company (kidsandcompany.com) or social enterprises like the YMCA, would be central to an accurate forecast of child care capacity.

With that response in hand Council will be in a position to make an informed decision as to the future of Beaumont's involvement in delivering child care services.

Transition Plan

In choosing an option, Council and staff are encouraged to create a robust Transition Plan. This will be the case even if the option chosen is the status quo. The issue of uncertainty must be addressed and if the status quo is the option chosen, then a plan to reduce uncertainty and improve stability for taxpayers, parents, employees, and private child care providers must be articulated.

Should the community and Council opt for any option *other* than the status quo, a clear road-map that articulated especially for parents and employees exactly how the change would be managed, would be critical to the success of the change. To be considered in the transition plan would be the following stakeholder impacts and responses:

- For taxpayers (and other key stakeholders like MacEwan University), a rationale, and the sequence of steps to be taken;
- For parents, a continuity plan for Child Care Services that minimized disruption and further uncertainty, and maximized confidence that spaces and quality care for their children would not be compromised;
- For employees, a mapping out of the status and future of Child Care Services positions impacted by any changes;
- For private and other child care providers, a communication plan and a plan for collaboration to identify existing capacity, and potentially develop new capacity.

Report Context

Background

Beaumont has been offering child care for 38 years. The program was born in 1980, arising from a desire to fill a gap for child care in a community that values families, and in response to the fact there were no other meaningful alternatives for parents at the time. In 1980 the population of Beaumont was about 2600 people, and the Child Care Services (CCS) had 29 spaces.

Since at least the late 1990's the Child Care Services has operated under a cloud of uncertainty. Since that time there have been a number of reviews of the program including:

- 1998 – 1999 the Mayor met with child care families at Beaumont Seniors' Centre, with about 100 parents in attendance. There was a concern at that time that Council was terminating funding to childcare, which it did not.
- In 2003 a review by Council resulted in the establishment of Council Policy #24, setting the target for recovery of Beaumont's cash contribution at 80%.
- In 2005 a Needs Assessment and Operational Review Study was completed by Hargreaves and Associates. The summary of the findings of this report are set out in Appendix 'B'
- In 2010 the community had grown to a population of about 13,000 people, and the Child Care Services to 118 spaces (58 in the Early Learning Childcare Centre or ELCC; 60 in the School Age Site or SAS). The same year saw the presentation of the Breakwell Study and a renewed call for a review of the sustainability of the CCS program. Again, a significant number of parents attended council meetings, opposed to any withdrawal or significant changes to the program. Council made no significant changes.
- In 2012 Beaumont Child Care Advisory Board issued its own report making a number of recommendations proposed as 'Governance Options'. Among these was a temporary wage freeze to help in part with ongoing deficits, projected to be around 24% that year, using the formulation set out in Council Policy #24.

Six years later Beaumont is in conversation about the viability of the program again. Today, the population of Beaumont is estimated by Municipal Census to be 18,829 people. Beaumont has 138 child care spaces, with 78 ELCC spaces and 60 SAS spaces.

Objectives

This review considers the current operating model and the environment for those operations. We review models in other communities in Alberta, and survey some of the larger or more active private child-care providers in Beaumont. The goal is to provide Beaumont City Council with information to support taking further steps with confidence. These might include conducting an in-depth review of operational costs, engaging the public for additional perspectives and feedback, or pursuing discussions with private child care operators.

Previous studies and reports assessed the situation at the time and provided qualitative analyses, and recommendations. They took as their central consideration the quality of the program relative to its cost to Beaumont, and made their recommendations accordingly.

This report seeks to establish a different framework for consideration. Defined strictly as a question about value provided to families and children, there is no question as to the quality of the program. This has been proven in repeated studies, in accreditations, and in the feedback provided by academic institutions, and from parents themselves. We seek to pose a different question: *is the Child Care Services program, as excellent as it is, an appropriate use of taxpayer funds?* We provide observations in this report, and provide suggestions for next steps.

The scope of this report is ultimately defined as providing insight upon which Beaumont elected officials can build a plan for further in-depth investigation and consultation of the significant stakeholders in the delivery of Child Care Services in Beaumont.

Approach

Our approach in this review consisted of four main elements.

1. A series of interviews with Beaumont employees directly connected to the delivery of Child Care Services for Beaumont, and senior employees who are key decision-makers with respect to the operations and the future of the Child Care Services.

The questions we used in the interviews can be found attached as Appendix 'A'.

2. A scan of the historical documentation surrounding the Child Care Services in Beaumont. This documentation includes previous studies, business plans, budgets, and various internal and external reports.
3. A review engaging the private child care providers in Beaumont. This was conducted as interviews where possible, and an email questionnaire if we were unable to engage the provider. The providers that responded are captured in the data presented below.
4. A tailored jurisdictional scan looking at the limited number of municipally delivered or funded Child Care Services in Alberta. The communities included were Jasper, Drayton Valley and Pincher Creek.

Beaumont Child Care Services Program

Child Care Services Program Overview

Beaumont's child care model consists of two programs: The Early Learning Childcare Center (ELCC, 78 spaces) and the School Aged Site care program (SAS, 60 spaces). Together, the programs have space for 138 children (approx. 70 families) and any citizen of Beaumont can sign up and are accepted on a first-come-first-served basis.

Finances

In 2003 the 'Child Care Deficit Policy,' Policy #24, was adopted to limit Beaumont's investment in the CCS program to 20% of the operating costs. The policy defines operating costs as being all of the direct costs of running the programs, *excluding* Accounting, Administrative, Management, Tech, HR, Communications, and Director support; Rental of the ELCC; and Amortization of the School Age Site building.

In 2009 Beaumont subsidy stood at 34.2%. In 2017 the number stood at 24% or \$345,338.

While Policy #24 does provide clarity in helping the CCS team create a budget that covers its direct costs, the accounting of the excluded costs also represent a realistic estimate of additional costs to Beaumont of supporting the program with key operational necessities like Human Resources, the rent of a facility (for the ELCC), or accounting.

In 2017 the combined value of the excluded functions was \$264,296. Thus the full 'cost' to Beaumont of running the Child Care Services in 2017 was \$609,634 (*complete* costs less revenues).

Table 1: Beaumont CCS Subsidies and 'Complete Costs' calculations

		2107	2016	2015
A: Revenues	After School	458,949	481,328	386,471
	ELCC	999,278	972,839	961,618
	Total revenues	1,458,227	1,454,167	1,348,089
B: Expenditures	After School	553,976	560,356	531,031
	ELCC	1,513,885	1,575,011	1,489,146
	Total expenditures	2,067,861	2,135,367	2,020,177
C: Excluded	After School	68,696	70,100	49,300
	ELCC	195,600	200,500	149,500
	Total Excluded	264,296	270,600	198,800
	Per child	\$1,915	\$1,961	\$1,441
D: Subsidy (A-B)		345,338	410,600	473,288
	Subsidy percent	24%	28%	35%
	Per child	2,502	2,975	3,4230
'Complete cost' (C+D)		609,634	681,200	672,088
	Per child	4,418	4,936	4,870

A question that arises is, “*What savings are realized if we shut down the program today?*”

While acknowledging that financial costs and benefits do not describe the total cost or value of a service like child care in a community, the question must be considered.

If the program were to end, and using 2017 figures, Beaumont would save \$345,338 in direct subsidies. It would not realize the value of the *excluded* items as those resources would likely continue as an expense to Beaumont. The exception might be the value of the rent *excluded* from the subsidy calculation. While not collected, rent is currently set at \$49,400 per year. If the Early Learning program did not use that space it is conceivable it could be rented at that value to another tenant.

It is important to be clear that while the cost of the ‘excluded’ items would likely not be recovered in the event of the closure of the program that does not mean they are not real costs. Any resource, including human resources, have a finite capacity. Work done for the CCS by the Accounting Department, for example, means work is not done in some other area. That work is not free in any sense, but represents a measurable cost to the resource capacity of Beaumont, and therefore must be accounted when financial costs considered.

Staffing

The staff hired by Beaumont’s Child Care Services are highly trained, with diplomas or degrees in the field of child care. The CCS program also requires that employees have a level 3 certification (most daycare centers only require level 1). Beaumont has established a strong connection with MacEwan University. Often the students in the University Early Childhood Education program are referred to Beaumont for employment and practicum opportunities.

At the close of the 2017/2018 program year, the program employed a total of 32 employees. 15 of these were part time and 17 full time. Total employee-related expenses represented 90.1% of all expenses (net of excluded), or \$1,625,785 in 2017.

The Child Care Services program is estimated by Beaumont staff to be the second-largest program in Beaumont by total number of employees, when compared to other programs like the Aqua-fit Centre, the Regional Recreation Center, engineering, or public works.

Quality of Delivery

The program has access to indoor and outdoor facilities, including three parks, which are run by Beaumont. Program fees increase in summer months as the children take part in more extra-curricular activities, such as field trips outside of Beaumont.

Not all extra-curricular items are charged separately, the cost of activities such as field trips or ‘Slurpee Days’ are covered by existing program fees.

Overall, parents regard Beaumont’s Child Care Services as high quality, and note the staff as being caring and highly trained. In the 2017 Parent Survey, parents responded very positively to all questions except one. Most questions received scores of 90% or higher. The one question that stood as an outlier was “*I feel that the program fees are appropriate in relation to the quality of programming my family is receiving.*” In contrast to the very high scores for other questions only 73% of parents agreed with this statement. This response would have an impact on the ‘Full Cost Recovery’ option discussed below.

Internal Stakeholder Interviews

On July 30 and 31, 2018, we interviewed six employees of Beaumont who have particular insight into the operation of the Child Care Services at Beaumont, or have management responsibility regarding it.

The following is a summary of the themes that emerged in these interviews. We acknowledge that these interviewees represent a small subset of all the stakeholders in the decisions being made in the area of Child Care Services in Beaumont. Others would include front-line employees of the program, parents, the Province of Alberta, the Black Gold Regional School Division, private providers, and various social agencies in the community.

The purpose of the interviews was to establish a foundation for future inquiry and community engagement.

It is within the scope of this report to identify the themes articulated by interviewed stakeholders. It is outside of the scope to provide answers to the many questions raised in formulating these themes. However, articulating these questions is of significant value in framing next steps in creating a plan for the CCS program going forward.

The Themes

- **Private providers.** The relationship between Beaumont's services and the growing number of private providers. Do the private providers represent significant new capacity since the time of the Breakwell and Child Care Advisory Board reports? If private providers are now in the market when they were not at the time of the founding of Beaumont program, does this change Beaumont's responsibility in providing child care services? Does the presence of Beaumont's very strong program discourage new private providers, or suppress expansion plans of those providers?
- **Finances.** What role should financial considerations play in decisions about the future of the CCS? Should the subsidy continue at 20%? Should the goal be 100% cost recovery? Should the 'excluded' items from Policy #24 be included in subsidy calculations? Are CCS subsidies appropriate given Beaumont's other financial responsibilities? The CCS represents great value to some families in the community, but are there other programs from which a greater number of citizens would realize greater benefit for the same costs?
- **Uncertainty.** All of the interviewees commented on the history of uncertainty that has impacted stakeholders, especially employees and parents. While stakeholders may want that uncertainty resolved in different ways, they universally want the uncertainty to stop.
- **Jurisdictional context.** Are there any lessons to be learned, or clues for future decisions to be made, in the programs offered in other jurisdictions? The communities of Jasper, Pincher Creek, and Drayton Valley were mentioned in this context. Can a pattern be established in reviewing the programs and their histories in their communities? If so, does Beaumont fit that pattern?
- **Access.** Beaumont has never been able to meet the total needs of the community through its Child Care Services. This raises the question if a municipality should be using tax-payer dollars to fund a program which not all tax payers can access. The first-come-first-served selection model is perhaps the 'fairest' way to mitigate the lack of universal access, but does not address the underlying 'lack of universality' problem.
 - **Community income demographics.** A sub-theme to the universality/needs/access theme emerged: the significantly greater average wealth of Beaumont citizens relative to the rest of the Province of Alberta. If a needs-based model is considered, what role do the demographics of the area play in that decision?

Table 2: Income demographics from Statistics Canada Census Profile, 2016 Census

	Beaumont	Province of Alberta
Median total income of households in 2015 (\$)	134,443	93,835
Average total income of households in 2015 (\$)	151,781	125,522
Prevalence of low income, 18 – 64 years (%)	3.4	8.2

- **Continuity of service.** Any change to the program that sees a limitation, reduction, or elimination of child care services delivered by Beaumont would need to consider the families currently in the program and those on waiting lists. Continuity and capacity planning would need to occur in partnership with other players in child care services in Beaumont. This same care in a transition would also be a factor for Beaumont employees. There are 32 employees in the CCS who would have to be considered in any decision.
- **Facilities and asset management.** Whether future planning inclines towards the status quo or significant change to the CCS program, long-term considerations must include the use of the portables currently used for the After School program, and the municipal space used for the ELCC program. Space utilization; the availability or lack of space for other Beaumont programs and services; aging-asset planning, maintenance, and replacement, must all be incorporated into any decision-making.
- **Two programs.** Should the two programs (Early Childhood and School Age) be considered together or separately when planning for the future? Does either program represent greater community value (acknowledging the challenge of defining that) or greater cost to Beaumont relative to that value? Are private or not-for-profit programs providing spaces in greater numbers for either area?
- **Loss aversion.** In the field of Behavioural Economicsⁱ it is a well-documented phenomenon that humans will value that which they already have, more than that which they could receive. Having invested in a program for decades, Beaumont will have to anticipate that for a number of its citizens any move towards 'taking away' the existing program may be experienced as more unpalatable than the promise of new or upgraded non-childcare programs resulting from the newly available resources.

A Changing Market

While exact numbers are difficult to arrive at, in 2006 the Hargreaves and Associates Needs Assessment and Operational Review projected there would be 3,718 households in Beaumont in 2016. Based on a household survey the Hargreaves Review projected this would create the demand for 447 spaces that year.

The 2016 census revealed the actual number of households was 5,635, or a 52% increase over projection. If we assume the need for childcare has been constant as a percentage of households that would place the total need in the community at 680 child care places in Beaumont in 2016.

When Beaumont began the direct delivery of child care services in 1980, there were no established private providers of the service. In the last decade a growing number of private players have entered the market.

In reviewing the environment for child care delivery services in Beaumont, we reached out to five private providers of child care services. The purpose of this part of our review was to determine information inputs from these sources that would assist the decision-makers on Council in proceeding to the next stage of their review of the CCS program with current information about:

- The total existing capacity represented by private Day Care providers;
- Any expansion plans the providers have; and
- Pricing information.

Parental Options

Some of the providers of Early Childhood Education and Child Care Services in Beaumont have an imperfect fit in terms of service and delivery models. There are models for French language instruction and immersion, unique educational needs, and limited-age or service (times of day) providers.

The reason they are included here is to present the full range of options for the care of children either too young for the regular school programs, or outside of the hours of regular school programming.

The trend in Early Child Care is towards an increasingly educational model, and away from the older 'baby-sitting' model. But it remains a reality that for many, if not most, parents, the care of their children during hours when the parents are at work, is the driving motivation. Education matters a great deal, but the search is still driven by the need for care.

As such, parents must sometimes consider a patchwork quilt of options in their search for care that matches the hours they work.

In this light, an understanding of all of the options available to parents in Beaumont, as a function of understanding the overall relationship between demand for child care services and all available capacity, drives the inclusion of programs somewhat different than the ELCC and SAS models.

Any course of action Beaumont chooses to take upon accepting this report, should include a careful mapping of the options available to parents, and the feasibility for families to cobble together a full day of care from multiple partial solutions.

Day Homes

We have limited insight into the Day Home market. These are private providers of child care services who work out of their own homes. Beaumont does not maintain formal relationships with Day Home providers through the CCS anymore, and a scan of municipal and Provincial resources for Day Home numbers turned up unreliable results.

We did receive information from the Leduc Strathcona Services for Children. This organization provided the following insights:

- At the time of this report they have 14 registered Day Homes in Beaumont;
- All of Beaumont homes are reported as full. Given the Provincial limit of six children in care per home, this suggests 84 children currently in registered Day Home care;
- Leduc Strathcona Services are constantly looking for more providers as their list of families needing care continues to grow.
- Of note: they report especially needing Providers who are willing to transport children to and from pre-school and kindergarten as that is a significant need. This suggests the Day Home Providers are acting in coordination with other resources and parents to provide morning-to-night support for parents whose work schedules preclude them from meeting pre-school and kindergarten requirements for drop-off and pick-up times.
- The agency is looking into doing a forum in Beaumont to get some more interest in the Day Home field.

The Province of Alberta does not require Day Homes caring for fewer than six children to be licensed. There are associations like the Child Development Dayhomes of Alberta who claim a capacity for 542 placements. However, this covers all of the greater Edmonton area. A future analysis by Beaumont would include the three Day Home associations listed by Human Services Alberta for the T4X postal code (the Leduc Strathcona Services for Children is the largest of these).

It is reasonable to assume there are other Day Home providers who are not registered with these associations, and because they care for fewer than six children have the option of not being licensed or registered with the Province.

It is possible further insight can be developed by reviewing municipal business license applications for these providers. A quick scan of the current business licenses for related services turns up approximately 16 Day Homes. The number is approximate because the categorization and business names are inconsistent (some business with Day Home in their name are not listed as Day Home as a category). Further, we don't know which of these licensees overlap with the Leduc Strathcona Services list.

What we can confirm with confidence is the impact on capacity by Day Homes is significant. Assuming even a small number of Homes not listed in either of the sources we have identified here, this sector would represent capacity for at least 100 children in the community, of the 680 required spaces estimated as of 2016.

Black Gold Regional Schools Pre-Kindergarten

The Black Gold Schools Division has begun offering pre-kindergarten programming effective January of 2018. While the program does not provide child care per se, like the private providers mentioned below it does contribute to the total capacity represented by all providers in Beaumont.

The Early Childhood Services coordinator at the Division confirmed:

- Five pre-kindergarten programs in Beaumont area. They are all primarily ECS funded, that is, "head-start" type programs (qualify for special education funding according to Alberta Education legislation). Within the five programs, they serve all qualifying children age two to five. Beaumont program serves children Infant to five, and grade one to twelve years of age in the After School Aged program, and then allow a small number of non-funded seats to be filled.
- The funded children are offered 475 hours, three hours per day, Monday - Thursday, at no cost. The non-funded children are offered two days per week, three hours per day (Monday and Wednesday, or Tuesday and Thursday) at a cost of \$80/Month.
- All five programs are open and follow the school year calendar; children attend at their designated elementary school.
- Each program serves the qualifying children in their attendance area and approximately 8 non-funded children (first-come first-served).
- Age groupings are defined by Alberta Education Early Childhood Services legislation.
- There is a program in each Elementary School, so expansion could occur with the construction of new schools.
- The program does not provide before- or after-school care.

It can be seen from this information while many parents will seek to take advantage of this opportunity, it has some serious constraints for working families who are the typical clients of Beaumont and private programs. The schedules do not allow for the parent to work a full-time job. It does create the opportunity for 'mix-and-match' scheduling with Day Home or other providers. However, with only 8 non-funded spaces available at each site, capacity will be a concern. As of September 1, 2018 two of the sites are listed as "Full" on the Division websiteⁱⁱ

Private Providers

Table 3: Private Providers of Child Care Services in Beaumont

	Day Care Programs*			Pre-School Programs*		
	Beaumont	Sunshine Patch	Seeds and Sprouts	Beaumont Tiny Tots Playschool	Beehive Junior Kindergarten	L'ecole Des Petits
Capacity	138	117	145 - 160	48 – no full-time care	Did not participate	88 - 3 & 4 year-olds and ½ days only
ELCC / SAS	57% / 43%	71% / 29%	65% / 35%	N/A	N/A	N/A
Waiting list:	12 – 18 months (95 children)	None	6 – 24 months	Not provided		None
Expansion plans:	No	No	Maybe	No		No
Fees						
12 Months (\$)	1,073	1,035	1,000	N/A		
3 years (\$)	995	850	900 - 950	N/A		\$120 (2 half-days per week)
3+ years (\$)	858	820	850	N/A		\$155 (3 half-days per week)
Out-of-School Care (\$)	544 (+ bus fees)	545 (+ bus fees)	575	N/A		

* Day care programs are generally full days/five days and take children 12 months and up. Pre-school programs are part-time (often half-days and/or 2 – 3 days per week) and generally only take children 3 years and older. While pre-school programs are different from day care programs, they are recorded here as representing part of child care capacity in Beaumont.

Market Conclusions

Given the data we were able to collect we cannot conclusively establish a ratio of demand to available capacity. Between them, Beaumont and Seeds and Sprouts programs offer just under 300 spaces.

The fees are reasonably consistent between programs. This raises an issue of perception, given that Beaumont program is rated as excellent by parents yet the question about fees in the survey mentioned above in this report (“I feel that the program fees are appropriate in relation to the quality of programming my family is receiving.”) received only 73% agreement. Parents may not be aware of the level of programming their children are benefiting from, given the relatively small difference in fees between the other private providers and Beaumont program.

Another observation to make about the fees, is that while they are generally in line with private providers, the level of staffing requirements, especially the standard of using only Level III ECE staff, means the subsidy will probably always be a factor if the program remains with Beaumont.

The total of the remaining spaces is not only unclear because of a lack of available data (especially if one anticipates significant capacity in Day Homes collectively), but also made complicated by the fact that a number of the providers, including the Black Gold Schools Division, offer part-day and part-week programs. The contribution of part-time programs could be aggregated numerically but this would be artificial from the perspective of a parent as full-time employment would require them to cobble together a mix of part-time programs or part-time programs and Day Home providers (including arranging transportation between providers). This would suggest the analysis anticipate two part-time program spots actually counting for roughly one full-time spot from a parent's perspective.

The current market is not only poorly defined, it is also rapidly evolving.

As of the 2018 Municipal Census, Beaumont has grown to 18,829 people with an expectation to grow to more than 56,000 over a 50-year time horizon. Beaumont is the second fastest growing municipality in Alberta.

As well as the rapid growth in the number of families, and potentially statistically related, is the growth in the number of day care providers. In our interview with one private provider she revealed that she was aware of at least two other private day care providers setting up in Beaumont in the very near future.

While Beaumont CCS program is currently a significant provider by the numbers, it does not provide for the majority of Beaumont families. Given the growth of the community, Beaumont, at a constantly held capacity, will be serving a shrinking percentage of those families.

Other Municipal Programs

Our scan of other jurisdictions in Alberta had originally planned on including three communities. It was announced in the course of our work that Pincher Creek's Children's World Daycare Society was closing its doors as of August 31, 2018 which affected 70-100 children and their caregivers. The program was closed due to financial difficulties resulting from a number of factors.ⁱⁱⁱ As of September 15, 2018 the information we have is that Pincher Creek has developed a temporary child care program, and is moving ahead with a municipally-funded program.

The most current available information on Pincher Creek is included here.

The intention of this part of the review is to provide further context for decisions to be made about Beaumont CCS program. It is not the intention to compare the programs in any qualitative sense, or to establish a case for precedent. Using these jurisdictions as precedent-setting for the existence or structure of a program in Beaumont would be challenging because:

- There are 352 municipalities in Alberta. That of 352 municipalities, only three or four have municipally-supported day care programs in any way similar to Beaumont's suggests these programs could be described as outliers;
- It could be argued that there is something unique about these three or four communities collectively that would be grounds for seeing the child-care programs as precedent-setting in their shared profiles. However, as will be seen below, if the Jasper, Pincher Creek, and Drayton Valley communities do share unique and causal features with each other, they do not share with them Beaumont. Beaumont's rapid growth, demographic wealth, and proximity to a large urban center like Edmonton serve to make it the outlier in relationship to the other two communities.

Table 4: Alberta Jurisdictions Offering Municipally-supported Day Care Services

	Beaumont	Jasper	Drayton Valley	Pincher Creek
Capacity	138	149	88	54
ELCC / SAS	57% / 43%	56% / 44%	No SAS	
Employees of:	Municipality	Municipality (CUPE)	Municipality	Society
Waiting list:	195 (12 – 18 months)	95	65 (6 – 12 months)	6
2017 Subsidy*:	\$345,338	\$165,000	\$750,000	\$60,000 (estimate)
Subsidy per child	\$2,502	\$1,988	\$8,523	\$1,110 (estimate)
2017 Subsidy + Excluded:	\$609,634	N/A	N/A	N/A
Subsidy + excluded per child:	\$4418	N/A	N/A	N/A
Deficit/Subsidy policy:	20% subsidization cap by policy	No policy	No policy; operating at approximately 75% subsidization	No policy; currently in budget planning cycle
Number of other providers in the area:	Several, with 2 - 3 significant providers; 14 – 16 Day Homes	No day care providers; possibly 4 Day Homes	None	The Livingston Range School Division (30 spots); possibly 4 – 5 Day Homes
Fees				
12 Months (\$)	1,073	475 – 550***	550***	1,000
3 years (\$)	995			825 - 925
3+ years (\$)	858			825

* As per Policy C24: this figure does not include the 'excluded' items in calculating the subsidy.

** This figure shows the 'full cost' subsidy; that is, with the items excluded by Policy C24 added back in.

** Jasper and Drayton Valley do not differentiate fees by the age of the child, but there is fluctuation month by month in the rates for Jasper; rates for both communities reflect the new \$25 per day Provincial subsidy program in which qualified Day Care centres receive a provincial subsidy allowing them to offer spaces to parents at \$25 per day.

Jasper

Wildflowers Childcare is the result of collaboration among a number of early childhood service providers in the community of Jasper. Wildflowers is a nonprofit, non-sectarian program subsidized by, and under the administration of, the Municipality of Jasper.

Wildflowers Childcare is licensed by Alberta Child and Youth Services and provides high quality care and learning opportunities for children from birth to school age. Under the same umbrella, continuation of care is offered for children aged 5 to 12 through the Out-of-School Care and Summer Out-of-School Care programs. These programs provide a variety of experiences for school-age children in a group setting.

Since receiving the Alberta Early Learning and Childcare [\$25-per-day subsidy] grant in 2017 Jasper's waitlist went from 23 to 65, and now in August 2018 to 95.

Drayton Valley

The Drayton Valley Early Childhood Development Centre (ECCD) is fully funded by the Municipality as well as utilizing the ELCC [\$25-per-day subsidy] grant from the Province of Alberta. All programming funding decisions flow through Drayton Valley CAO and Council.

The licensed capacity is 88 full-time spaces. However when part time children who "share" spaces are considered they currently have an enrolment of 92, and also take drop-in children at the rate of about 30 instances of drop-in per month.

The waitlist has changed over the years. When the economy was booming that over 100 families were on the waitlist. In the last three years when the recession hit the numbers dropped. However with the Provincial subsidy now available they have a waitlist of over 65 families. Families are on the waitlist six to twelve months.

The ECCD is the only child care facility in Drayton Valley.

The municipality subsidizes roughly 75% of the 1.1 million dollar budget. There is not a policy in place for the municipality to limit their subsidy. The municipality built the current building the ECCD is housed in and owns/operates this program. There has been discussions with Brazeau County for contributions, but to date they have not contributed to the center.

Pincher Creek

The following information was provided by Coordinator of the Pincher Creek and District FCSS and Project Coordinator – Pincher Creek Community Early Learning Centre Ltd.

Late in 2017 Pincher Creek faced the closure of their 37 year-old Day Care organization. The organization had functioned as a Non-profit Society with a Board of Directors. In recent times, that organization could not maintain positive cash flow causing issues with payroll, requiring the Town to provide financial assistance. This was an untenable situation for their Board and they made the decision to close down.

The operation was based out of two locations: the south wing of the Town Hall building, and the St. Michael's School. Together they accommodated as many as 45 children.

Long before the threat of service loss, Pincher Creek recognized the "essential service" nature of Day Care and conducted Day Care Needs Assessments. As closure became imminent, Council took over responsibility for continuation. Council hired a Project Coordinator and a consultant to guide Council through the process. Council formed a Not-for-Profit Corporation: Pincher Creek Community Early Learning Centre Ltd. The Town is sole shareholder with a Board of four councillors and three citizens-at-large as Directors.

The Corporation has hired a new Manager, an on-site Program Director, and day care staff. The operation is now located in St. Michael's School and occupies two classrooms. Currently they have 54 children in care (a separate program at Canyon School accommodates 20 children). The consultant is conducting a training program for community members interested in careers in child care, and for a few of the existing child care staff who require upgrading.

The numbers the Coordinator provided for the table above are transitional; firm numbers would be available in the future.

At this time, Council is satisfied that the not-for-profit corporation model is the right one. They confirm this does not mean that another entity could not operate the service in the future.

It is the intent of Pincher Creek to build two new facilities: one on the Canyon School property (Livingstone Range School Division), and one at St. Michael's School (Holy Spirit School Division). Both School Divisions have shown interest and are willing to provide land for these facilities (not physically attached to the schools). Each facility will be built to accommodate 80 children.

Municipal Jurisdiction Summary

Drayton Valley is 140 kilometers to the west of Edmonton and has no other day care providers in its community. The population of Drayton Valley is 3,275 and has grown 1.6% since 2011.

Jasper is 365 kilometers from Edmonton, has no other significant child care providers, and has a constrained development environment (being in a national park). The population of Jasper is 4,590 and has fallen 1.08% in the last 5 years.

Pincher Creek is 100 kilometers from Lethbridge and 217 kilometers from Calgary. The population was 3,523 in 2016, and fell 1.4% between the last two census dates (2011 and 2016).

Beaumont is 26 kilometers from downtown Edmonton, growing rapidly, and has a growing number of child care providers within its boundaries. The population of Beaumont is 18,829 and has grown by 3.4% in the last year alone.

While on the surface the four communities share the fact of Child Care Services managed by the municipalities, it is not unreasonable to say in this context that may be the only thing they have in common as Alberta municipalities.

Given the differences it would be challenging to find opportunities to establish 'global' precedent in the existence and structure of the programs. Even at a more operational level, comparisons are difficult because two of the other programs don't group fees by age, and both currently benefit from the Alberta Child Care subsidy. Pincher Creek has initially been set up in ways similar to Beaumont.

The existence of other municipal child care services programs can be an argument that under certain conditions a municipality is well-positioned, or perhaps even best-positioned, to deliver those services. Given the divergence between the situations of the three other communities and Beaumont however, this would be a difficult argument to support.

Historical Arguments

A number of arguments have arisen over the lifetime of Beaumont Child Care Services. We present these arguments here to anticipate they will be a factor in the discussion of central question we propose below.

Lack of spaces argument

The 'lack of spaces' argument suggests that the lack of available child care spaces in Beaumont should be considered when evaluating Beaumont's participation in the delivery of Child Care Services. The argument would be valid if Beaumont were the only provider in the market.

While the municipal program may have been the only one available 38 years ago, this is no longer true. There are a number of private and not-for-profit organizations offering child care services in Beaumont, and according to information collected from interviews with private providers, there are plans for two or more day care centers to open their doors in the near future.

It could even be argued that the presence of the affordable, high-quality program offered by Beaumont has suppressed private enterprise in this area.

The numbers we have used suggest a shortage of child care spaces in Beaumont. This alone however, is not an argument for a municipal program when there are other alternatives.

The cost argument

The cost of delivering child care services in Beaumont has been one of central arguments in the debate about the viability and value of the program.

There are three issues in this debate:

1. Council Policy #24 or the 20% subsidy (stated as a 'deficit' cap). While the program has historically struggled to be in compliance with Policy #24, it has moved increasingly towards compliance. Given the 2017 results and the wage freeze currently in place, it is reasonably possible the program will be in compliance in the 2018/2019 year. **See Table 1 above.**
2. The "true/full costs" question. Council Policy #24 specifically excludes a list of line items from the 20% deficit cap. Our position is this hides this true cost of child care services to the taxpayer.
3. The large and rising costs. Costs do not appear to be rising, at least not out of proportion to revenues. Revenues grew by 8.2% between 2015 and 2017. Expenses grew by 2.4% in the same time period. An effort has been made to control costs by imposing a wage freeze on certain positions, and the ELC program successfully reduced its annual deficit between 2016 and 2017. However, at \$345,338 the total cost of the subsidy continues to be large.

Understanding the financial picture is central to understanding the value and performance of the program. But the absolute costs as they stand are not sufficient argument for continuing or ending the program.

It is the costs for the *relative* value that would support those arguments.

Here the question is not "*Are we getting value for the money being spent?*" The answer would be yes, given the recognized quality of the program. We suggest the questions should be:

1. Can the money currently used for subsidizing child care services be spent in programs that would provide even greater value in other areas, to Beaumont's citizens? To answer this question would require Council go to the community to understand its priorities in this area.
2. Can the benefits currently delivered by Beaumont CCS be delivered by other providers? Unlike the jurisdictions of Jasper or Drayton Valley, the answer here appears to be yes. Alternate child care capacity does exist, and while currently insufficient, appears to be on the rise in Beaumont.

The quality program argument

Past reports have commented on the quality of Beaumont Child Care Services as material to any decision Council will make. Based on previous studies, the Early Childhood program was noted to be an excellent program with a high reputation provincially.

This may not be relevant as a decision-making factor. There are many things an organization can do extremely well, which it should still not do if not part of its core mandate, or if not of sufficient value to its stakeholders. Specifically, as the program does not have the capacity to provide quality care to *all* eligible children in the community, it creates what is arguably a two-tier reality for Beaumont families.

'Quality' here refers largely to the number of staff with higher qualifications (up to ECE III designation), and to the degree of oversight (Beaumont program operating under all of the regulations for safety etc. it inherits as a municipal program). We are not suggesting the quality of care or the experience had by children in other child care facilities in Beaumont is inferior to the municipal program.

The social benefit argument

There is little doubt that quality child care in the context of healthy families and a supportive community has long-lasting social benefits.^{iv}

That the benefit exists, is however not an argument for or against the municipality delivering that benefit. As long as there is reasonable and equitable access to day care for all Beaumont families, which agency is delivering the service is not material.

If there were no alternatives to the municipal program, as is the case in the other municipalities reviewed, then nurturing and expanding that program can be argued for on the basis of the social benefit. However, there are a growing number of providers in Beaumont who can deliver similar benefit.

The economic benefit argument

The Breakwell Report pointed out that the demographics of Beaumont, as well as growing rapidly, were skewed towards a younger population. The report argues that the presence in 2009 of available child care, at that time provided by Beaumont, may account for a higher-than-average labour participation rate in the community (8% higher than the Alberta average for women in the workforce). Other factors could account for this, but the argument is reasonable.

As with the case with the other arguments however, economic benefit is not a strong argument for or against the existence of a municipal program specifically. Again, as long as quality child care is provided by someone, the same benefit would still be created.

Findings

In our work we identified four key findings.

- Changes in Beaumont.** Beaumont has changed significantly since the time the Child Care Services were founded in 1980. These changes have many implications regarding the CCS, and collectively suggest the original premises upon which the CCS was founded may no longer be valid. A summary of the changes (which are explored in other areas of this report) includes:
 - Population: Beaumont has grown over seven-fold since 1980, where Child Care Services capacity has grown under five-fold, representing a growing delivery-gap in a tax-funded program.
 - Community status: where Beaumont was once a small and isolated rural community it is now growing rapidly and is a community well within the Edmonton Metropolitan Region. The access to services this suggests is similar to those communities that were once farm communities but are now part of other urban regions like the Greater Toronto Area (GTA) or Metro Vancouver.
 - Private child-care providers: in 1980 there were no private child care providers in Beaumont. At the time of this report we identified three day care providers of different sizes, a number of pre-school options (including one now provided by Black Gold Regional Schools), and unconfirmed reports of at least two new day care providers planning to set up, or currently setting up, a facility in Beaumont.
- Uncertainty.** Uncertainty was identified by every person we spoke with as an issue that transcended even beliefs as to whether or not Beaumont should continue to offer Child Care Services. We suggest this uncertainty may impact: the confidence of CCS employees; the ability of parents to make confident decisions around employment and even remaining in Beaumont; Beaumont's ability to develop long-term program plans; and the decisions of private providers to set up facilities in Beaumont.

3. **Financial factors.** At the heart of many of the discussions we had about the CCS, were some key financial factors:
- *The impact of Policy #24 on calculating the true cost of delivering Child Care Services.* We find that as the program is being delivered as a municipal program, it rightly inherits the indirect costs of resources it relies on as are set out in the list of excluded items in Policy #24 such as Accounting or Human Resources.
 - *The ability of the CCS program to be in compliance with the Policy #24 20% Town subsidy limit.* Historically the program struggled to be in compliance, consistently exceeding the limit on the subsidy. In the past three years the program has done much better, going from requiring a 30% subsidy to being in compliance at 24% in 2017.
 - *The overall cost. Whatever the percentages are and whether the program is in compliance or not, the costs to Beaumont remain significant.* In 2017 the cost to taxpayers was \$345,338 in subsidy dollars, or \$609,634 when the 'excluded' amounts are considered.
 - *There is a question to be asked about alternative uses for the dollars spent on the CCS.* Can the money currently used for subsidizing Child Care Services be spent in programs that would provide even greater value in other areas, to Beaumont's citizens?
4. **Limited capacity.** Beaumont's child care facilities can accommodate three percent of the tax-paying households with children (Canadian Census, 2016). In 2005 the Hargreaves study further suggested that at the time Beaumont's program was able to meet 20% of estimated demand. Beaumont has grown seven-fold since then. A first-come-first-served approach is used to accept participants into the program, as the program is unable to meet full demand.

This situation of in which the program is unable to meet demand for child care services in Beaumont leads us to the central question in this review.

The Central Question

There are three strategic questions facing Beaumont Child Care Services:

1. *Is the program delivering value?*

From all reports, both historical and current, Beaumont program maintains high standards, has province-wide respect, and is valued by the families that benefit from it.

2. *Should a municipality be in the 'business' of delivering child care services directly?*

There have been and probably continue to be circumstances under which the answer is 'yes'. Beaumont has historically not been the only jurisdiction in Alberta to provide childcare services. It was considered unusual at one time, but not unheard of. Today, in environments where there are no other alternatives (as in Beaumont of Jasper), the answer may still be 'yes'.

What was true at the founding of Beaumont program however, is no longer true. The lack of availability of other options no longer applies. There are a growing number of other child care providers

The second factor in answering this question is a sub-question: "Should a municipality deliver a certain service, given finite resources?" The question is not just whether a municipality should be in the child care business, but if it should be in that business relative to other responsibilities and demands on its resources.

3. *Is the delivery of the municipal service fair and equitable; is the availability of the tax-supported program universal, or if not, needs-based?*

We suggest this is the central question.

It is reasonable to expect a tax-supported benefit should be accessible *to all who need to access it*. The Child Care Services program is a tax-payer-funded program to which only a small number of taxpayers have access. The size of the subset is suggested by four demographic statistics drawn from the 2016 Federal census:

	Number	Percent
A. Total Households	5,635	
B. Households with children	3,250	58% (B/A)
C. Children 0 – 14	4,595	
D. Beaumont CCS capacity	138	3% (D/C)

Of the tax-paying households in Beaumont, 58% have children of an age that could benefit from child care services. Three percent, or 138, of those children can be accommodated by Beaumont's child care facilities.

Not every child requires out-of-home day care services. So even if we use the number derived from projections in the 2005 Hargreaves study and extrapolate forward, we would need 680 spaces and Beaumont is able to offer 138, or 20% of estimated demand.

In our interviews, some suggested the situation was similar to recreation programs, which all taxpayers support, but which not all taxpayers participate in. But they also acknowledged that was largely a matter of choice. Any citizen *could* participate in tax-supported recreational program if they chose. Recreation is structured to be a universal benefit for the citizens of Beaumont.

Public education also at first appears to be a situation that lacks universality. All taxpayers contribute, but only those citizens with children benefit directly. The difference between the Provincial public education system and Beaumont Child Care Services is one of 'category inclusion'. While only taxpayers with children benefit directly from public education, all tax payers with children, *the entire category*, benefit.

In the case of Beaumont's Child Care Services, the majority of citizens who subsidize it through their taxes *and* who have appropriately-aged children (creating a category), and who would like to participate in the program, do not have opportunity to do so.

As has been shown, this structural problem will become greater with time, as the population of Beaumont grows, resulting in a shrinking ratio of those few families who benefit directly from the program to total families.

The uncertainty that has hung over the program since the 1990's is the product of all three strategic questions above, but we propose the central question is:

"What is the level of support of the citizens of Beaumont for a program which the majority of citizens subsidize through their taxes but which only a minority can benefit from?"

Child Care Services Options

Based on the results of the internal consultation interviews, the following go-forward options were identified. Arguments for or against any one option are not made here; just what those options might be.

Option 1: status quo

Hold the program at its current levels both in the number of children cared for, and in the total cost of the program, adjusted for inflation. This option would require Beaumont to continue its subsidy of the program.

Option 2: expansion

Create a plan and put in place the resources to move towards the goal of providing tax-payer subsidized child care for more, or all, families who wish to participate. This could be done, or perhaps could only be done, in conjunction with Option 3.

Option 3: running a full cost-recovery program

Charge families for the full cost of the program. Currently the ELCC averages about \$975/month (averaging current 12 month, 3 year, and 3+ fees) per child. The following table shows the average increases for the ELCC-only, under five difference scenarios.

Table 5: Estimated fee levels for cost-recovery (2017 figures)

Contribution level	Fees per month (avg)	Avg Fees w Excluded
80%	\$975 (current)	\$1,142
90%	\$1,097	\$1,285
100%	\$1,234	\$1,443

Participants pointed out that the typical pricing in most programs for the youngest children hovered around the \$1,000/month mark (see Table 3). Interviewees saw this as a psychological threshold and suggested most families could or would not go much above that number. One participant suggested full cost recovery was at best an academic option given the resulting prices. As was noted in the recent Parent Survey, only 73% of parents agreed with the statement *"I feel that the program fees are appropriate in relation to the quality of programming my family is receiving."* And this is at current and competitive pricing levels.

Option 4: partnerships

Seek partnerships with other child care delivery partners – for-profit or not-for-profit – in which the nature of the partnership is such that resources (space, staffing, programming, etc.) are shared. Partnerships could also exist transitionally if Beaumont opts to reduce or end its commitment to delivering CCS. Costs to Beaumont (subsidy rates) would be negotiated with partners, as described below.

Partnerships include two sub-options:

- Using partnerships to realize Option 2, possibly with the goal of making it possible for all families who wish to participate to do so, while costs to Beaumont are kept at, or close to, current levels adjusted for inflation. It is conceivable that a partnership would make a break-even/cost recovery program possible, but this would likely require compromises to the existing program, such as the requirement for Level III ECE staff; or,
- Using partnerships to realize Option 5, below. Working collaboratively with other providers and potential providers to move towards universal availability of child care even with Beaumont no longer directly involved

delivery. With capacity confirmed, Beaumont could then work with the partners to create a smooth transition of families from Beaumont CCS program to those of the partners.

Option 5: ending involvement

Over a to-be-determined period of time, Beaumont withdraws from the direct delivery of child care services. As mentioned, partnerships could ensure a smooth transition for parents as Beaumont ends its involvement. This option also has one sub-option:

- End involvement in only the ELCC or SAS programs. Some interviewees believe the ELCC program has greater value to the community, and might benefit from being the sole focus of the municipality. No participants suggested staying in only the SAS program.

Assessment

While it is not within our scope to make a recommendation as to the ultimate direction council should take, we are able to provide a framework for choosing that direction.

Below is a matrix of the options based on our understanding of the considerations we have already set out. This is a holistic and high-level assessment based on the findings presented in this report. New information uncovered by Town staff or Council in responding to the questions framed in *Table 5: Further Questions, Information Availability, and Information Required*, may alter the assessment.

The assessment of each option is based on three levels (further explained below):

-  Addresses the criteria or resolves the issue positively
-  Partially addresses the criteria, or is a partial or mixed resolution of the issue
-  Doesn't address the criteria successfully or positively, or doesn't resolve the issue, or makes the issue worse

	'Central Question'	Demand / Capacity	Operations	Financial	Uncertainty
Expansion					
Status Quo					
Cost Recovery					
Exit					
Expansion w/Partners					
Exit w/ Partners					

Explication

The Criteria

Central Question: to what extent does an option address the central question of capacity/universality in a tax-payer funded program?

Demand/Capacity: to what extent does an option improve the capacity to respond to the growing demand for child care spaces in Beaumont?

Operations: does an option decrease (green) or increase (red) the load on the operational capacity, including buildings and other assets, and operational resources like Accounting, Human Resources, or Management?

Financial: does an option decrease (green) or increase (red) costs to Beaumont?

Uncertainty: does an option decrease (green) or increase (red) uncertainty for parents or employees in regard to the future of the CCS program specifically, and the availability of child care spaces in Beaumont generally?

1. Expansion

Definition: Beaumont expands its current investment in the direct delivery of child care.

Criteria

Central Question: this goes some way, but not all the way (i.e. 500 – 600 places), toward increasing universality: the number of Beaumont families who can access the tax-funded program. It does not resolve the question as to whether a municipality should be providing child care services when there are other alternatives in the community.

Demand/Capacity: this could address the issue of satisfying the total demand in the city by providing 500 – 600 spaces, or make a commitment to identifying what the capacity of non-Town providers is, and ‘filling the gap’. It would then create another question to answer: if the non-Town capacity grew to the point of being able to meet total demand and Beaumont was no longer required to fill the ‘gap’, would that trigger an option for Beaumont to withdraw?

Operations: demands on Town operational capacity would grow. Demands on the ‘excluded’ resources from Policy #24 would increase. New buildings or other spaces would need to be identified, acquired or converted, and maintained.

Financial: costs would increase, both on a subsidy basis (currently \$2,110 per child), and in overhead in excluded resources and asset management (buildings and other spaces).

Uncertainty: given the increased costs, the growth of the community, and the growth in complexity in this option, there is nothing that would increase the level of certainty in the sustainability of the program.

2. Status Quo

Definition: Beaumont CCS program continues as it has. The current number of places, and the financial framework created by Policy #24, remain as they are.

Criteria

Central Question: there would be no change to the universality/capacity in the program or how it is paid for. This is not marked ‘red’ only because while we believe this is an issue, we have not verified that through community feedback. If a lack of universality were identified as a concern for the majority of Beaumont citizens, this criteria would be marked ‘red’.

Demand/Capacity: capacity would not change with this option. It is not marked ‘red’ because there is a reasonable likelihood non-Town child care providers will absorb some of the existing and future demand.

Operations: the operational resources required would remain unchanged. An element of risk here is the future viability and costs of maintaining the existing spaces.

Financial: in the short term costs would not increase significantly, given the wage freeze and the positive results in bringing the program into compliance with Policy #24, earning this option a ‘yellow’ status for this criteria. However, if wages start to climb again, and/or if significant capital upgrades are required, this could downgrade to ‘red’.

Uncertainty: the status quo is uncertainty. Leaving things as they are would not improve certainty. With the inevitable changes in Town governance, the child care market, the growth of Beaumont, and other factors, uncertainty is likely to increase.

3. Cost Recovery

Definition: replace Council Policy #24 with a policy that mandates full cost-recovery from parents or other sources (such as grants), and ends the subsidy. Council would decide whether 'costs' are defined as including or excluding the cost items currently excluded in Policy #24

Criteria

Central Question: whether this is 'yellow' or 'green' depends on how complete 'cost recovery' is framed. If only the subsidy is withdrawn, there is only a partial reduction in the cost to taxpayers (yellow). If the excluded items are included, then there is a likelihood of approaching zero cost to taxpayers (green) and only those benefiting from the program are paying for it. However this introduces a new question: how would this still be a municipal program at all if no municipal resources are expended on it? When does full cost recovery become another form of complete exit?

Demand/Capacity: turning to the parents for full costs would not increase capacity. In fact, the likelihood costs to parents would go up substantially would make this unavailable to most families. This exposes the central challenge with the 'Full Cost Recovery' option: this option is academic because it would result in fees beyond the reach of most parents.

Operations: this option could result in a reduction in the cost of maintaining operations, building maintenance, and even the 'excluded' items depending again on how Council chose to define the costs. However getting to zero operational burden would only be possible if the program were withdrawn from Beaumont altogether, which again would make this another form of a complete exit.

Financial: depending on how costs were defined there would be a significant reduction, if not complete elimination, of costs to Beaumont. This criterion remains yellow however because it is not clear enough families would opt to pay for a program at the fee rates that would result. Refer to Table 5 above.

Uncertainty: at face value this option would significantly reduce uncertainty. However it brings with it its own uncertainty as already stated: is this option meaningful given the probable high fee levels that would result?

4. Exit

Definition: Beaumont winds down its involvement with the direct delivery of child care. There may be a transition period, but this would only be for a fixed period, and not involve partnerships (defined below).

Criteria

Central Question: this option would conclusively answer the question. Taxpayers would not be funding a program without the capacity to provide a universal service.

Demand/Capacity: in the absence of significant collaborative strategic- and capacity-planning with partners, this would likely result in a significant decrease in net capacity in child care spaces in Beaumont.

Operations: this option would eliminate, over a period of time, all operational burden created by the CCS program.

Financial: this option would eliminate, over a period of time, all financial burden created by the CCS program.

Uncertainty: the end of Beaumont CCS program, with a well-defined transition period, would end the uncertainty as we have framed it. However we have left this criterion marked 'yellow' because of the uncertainty that would remain for employees and families currently associated with the program throughout the transition period.

5. Expansion with Partners

Definition: Beaumont works with strategic partners (private providers and/or not-for-profits and societies) to develop a model in which Beaumont took a leadership role in ensuring capacity and quality. Beaumont would continue to deliver its existing program but potentially with significant changes to make it an equal player with its partners. Examples of such a changes might include reducing the subsidy or redirecting it to all parents, changing the role of Policy #24 in calculating costs, revisiting the requirement for Level III staff qualifications, etc.

Criteria

Central Question: if the result of a partnership were 'universal' availability of child care in Beaumont and the funds provided by Beaumont were distributed in such a way as eliminate the current inequity (through a needs-based or all-parents subsidy for example) this would resolve the central question.

Demand/Capacity: a strategic engagement with partners as described here would have as its goal addressing 100% of the demand for child care services in Beaumont.

Operations: depending on how the partnerships were structured, Beaumont could still see its buildings, and/or some of the operational 'excluded' resources used.

Financial: in this model there could be a significant reduction, but not likely a complete elimination, of costs to Beaumont.

Uncertainty: this option would go a long way, but not likely all of the way, in eliminating uncertainty. In the future it is conceivable Beaumont could withdraw from the partnership.

6. Exit with Partners

Definition: Beaumont winds down its involvement with the direct delivery of child care, working collaboratively with identified partners in creating a strategic Child Care Services plan, subsequently transitioning the existing CCS entirely to non-Town providers (potentially through an RFP process). The final exit would not occur until confidence in full capacity was established.

Criteria

Central Question: this would resolve the issue of a taxpayer supported program not providing universal or needs-based child care services.

Demand/Capacity: Beaumont would be collaboratively involved in the planning for, and development of, both capacity and a transition. The final exit would only occur when full capacity amongst non-Town providers was confirmed.

Operations: on completion of the transition there would be no further operational load on Beaumont's resources. There might be an opportunity to rent existing building space to strategic partners for child care spaces at special rates, allowing Beaumont to realize some revenues and contribute indirectly to the delivery of child care in Beaumont.

Financial: on completion of the transition there would be no further cost to Beaumont. We have set this as 'yellow' because in accepting the condition that there would be no exit until full child care capacity in Beaumont can be confirmed, committing to a strategic planning phase, and a period of collaboration in building capacity, Beaumont would also accept the costs associated with those commitments.

Uncertainty: while risk and uncertainty can never be completely eliminated, this option comes the closest to doing so. By confirming that an exit will happen, and coupling with that a commitment working collaboratively with partners to build child care capacity in Beaumont, there is a significant reduction in uncertainty.

Next Steps

It is the purpose of this report to provide a high-level scan of the current environment surrounding Beaumont Child Care Services, to support informed decision-making by Council in reducing this uncertainty and arriving at a long-term decision regarding the CCS program.

Prior to making a final decision we recommend Beaumont develop a Communication Plan outlining both the steps Council and its employees will take in arriving at a final decision regarding the delivery of Child Care Services, and the steps that will be taken to involve citizens, and especially parents, in the decision-making process.

Lessons Learned Jurisdictional Review

As part of the information-gathering to create conditions for confident decision-making, it is worth undertaking a high-level jurisdictional scan. This would involve identifying communities that have changed or ended their relationship with the delivery of Child Care Services, and determining if any lessons can be learned from those jurisdictions.

We have learned that Edmonton and Red Deer at one time were involved in the delivery of Child Care Services but have withdrawn from those programs. To reduce the risk of reinventing the wheel or repeating mistakes made by others in the past, it would be valuable to review both of these situations to identify any possible lessons learned.

Further Input Requirements

Drawing on the previous sections of this report, including the changing market, historical arguments, and the proposition of the Central Question of support for a program that is neither universal nor needs-based, we provide an overview of the criteria with respect to the information available for each. We identify where there is good information available to assess that criterion; and what, if any, further information may be required.

After the table we set out the two information-gathering areas that will most inform any decision:

1. Community and Demand
2. Market and Capacity

Phase 2 – Proposed Approach

This work would constitute a 2nd phase to the decision-making process for Beaumont.

Phase 2 could consist of the following key steps:

1. A deeper review of 3 – 4 options as selected by Council after receiving this report;
2. An engagement with the primary stakeholders (mostly Beaumont employees employed directly by the Child Care Services program, to set out some of the options being considered, and to collect feedback on those options and possible ways forward;
3. An engagement with providers and potential providers of Child Care Services in Beaumont, with two goals:
 - To explore the idea of working in partnership with Beaumont;
 - To determine current and future capacity of other providers;
4. An engagement with families and community members generally, with two primary goals:
 - To bring the community up to date on all input and learning from the previous activities;
 - To solicit input on identified options
5. Present all findings and input to Council for determination of a final direction for child care services in Beaumont

Table 6: Further Input Requirements

Criteria	Specific questions	Information Exists?	Information-gathering activities
Community and Demand: Community and family impact; Demand	<p>What is the will of the citizens of Beaumont regarding Beaumont's involvement in the delivery of Child Care Services?</p> <p>What is the impact on families enrolled in CCS, or on the waiting list?</p> <p>What is the level of current and future demand?</p>	Limited; anecdotal	<ol style="list-style-type: none"> 1. Round tables, focus groups, and facilitated town hall to develop dialogue and understanding. 2. Interview and questionnaire surveys (potentially repeating the 2005 Hargreaves telephone interview survey).
Market Capacity: Capacity of external providers;	<p>What is the Child Care Services capacity in Beaumont, now and in the future?</p>	Limited; anecdotal	<ol style="list-style-type: none"> 1. A market report on the total current and planned Child Care Services capacity in Beaumont. 2. Identify and survey every player in the community including not-for-profit organizations, child care businesses, Day Home, and public institutions like the Black Gold Schools Division.
Operational factors: Resources and Staff	<p>What are the impacts on Beaumont's human (staff), and systems/facilities resources of an option?</p>	Moderate	<ol style="list-style-type: none"> 1. Work with the Human Resources department to identify impacts. 2. Conduct an analysis on the impacts of the CCS leaving or remaining in existing ELCC space; 3. Conduct an analysis of the impact of any option chosen other than 'status quo', on those resources identified as "excluded" in Council Policy #24
Financial: Net economic benefit; financial implications	<p>What would the net financial impacts of an option be, relative to other options?</p> <p>What other financial impacts can influence Beaumont's decision (e.g. eligibility for \$25/day program)</p>	Moderate	<p>Develop models for options chosen, with a particular focus on human resources and financial impacts, but also considering facilities and similar resources.</p>
Risk: Stability vs. uncertainty	<p>Does an option reduce the uncertainty around the CCS program?</p> <p>Does an option establish a commitment to a direction and resources over the long term?</p>	Good	<p>These questions can be answered internally through existing modelling, budgeting, and governance policies and procedures.</p>

Community and Demand

We recommend Council go to the citizens of Beaumont for feedback and guidance in two overlapping phases: an engagement phase and a data-gathering phase.

This process would also form a key part of a Communication Plan.

Engagement

Use mechanisms like round tables, focus groups, and facilitated town hall meetings not just to solicit opinions as to a direction, but to develop dialogue and understanding.

Undertaking a time of deliberate engagement creates an opportunity to sharpen Council's understanding of what the issues are for stakeholders, and to improve buy-in on the part of stakeholders in the ultimate decision.

Done right, a period of engagement should result in a better decision, and better understanding and buy-in by community and parents of whatever option is chosen.

Data

To determine capacity, we suggest repeating the approach to determine demand used in the 2005 Hargreaves study, using direct telephone surveys of homes to determine the level of need for child care services in the community.

Throughout engagement period, also solicit feedback from citizens in the form of interviews and questionnaire surveys. Sample opinions throughout the process to understand if the engagement is being well-received and properly understood. That approach will ensure the final question council considers is well-developed and well-understood.

Market and Capacity

Commission a report on the total current and planned child care services capacity in Beaumont. This would involve identifying every player in the community including not-for-profit organizations, child care businesses, Day Homes, and public institutions like the Black Gold Schools Division; and, enrolling them in a collective effort to understand current and future capacity.

The private providers have been seen as reluctant to participate, but in preparing this report we discovered this was as much a function of time constraints as it was of any negative sentiment. Providers told us they are interested in developing a shared understanding of the market, but as this report was being prepared in the summer, some were simply not available in our timeframe.

As well, many of the private providers are extremely small, without websites or identified contacts. They often have a Facebook Page and an email address as their sole forms of contact. Their small size meant they did not have the capacity to meet face-to-face or even answer emails in a timely fashion because they were too busy.

We believe that given the time and the resources, the significant majority of providers would be open to contributing to an understanding of the child care landscape in Beaumont.

This phase of the fact-gathering will be time-consuming as it does require identifying and spending time with not only existing providers, but following up on 'word-on-the-street' information some of the providers have of new players setting up shop in Beaumont. Knowledge of these plans, especially from some of the larger 'corporate' providers like Kids and Company (kidsandcompany.com) or social enterprises like the YMCA, would be central to an accurate forecast of child care capacity. This forecast would be needed to address the 'Long term stability' risk listed above.

At the end of the period of engagement and feedback, Council will be in the best position to frame a decision for the future of child care in Beaumont. Having articulated the current and future child care capacity in Beaumont, and having completed a period of engagement with council, the citizens will be in the best position to understand how the decision was arrived at.

Transition Plan

Having chosen an option, Council and staff would create a Transition Plan. To reduce uncertainty, even if the status quo is the option chosen, a plan to improve stability and predictability for taxpayers, parents, employees, and private child care providers can be articulated.

Should the community and Council opt for any option *other* than the status quo, a clear road-map that articulated, especially for parents and employees, exactly how the change would be managed, would be critical to managing uncertainty.

To be considered in the transition plan would be the following stakeholder impacts:

- For all Town citizens (and other key stakeholders like MacEwan University), a rationale and the steps to be taken;
- For parents, a continuity plan for Child Care Services that minimized disruption and further uncertainty, and maximized confidence that spaces and quality care for their children would not be compromised;
- For employees, a mapping out of the status and future of Child Care Services positions;
- For private and other non-Town Child Care Services providers, a communication plan and a plan for collaboration to identify capacity, and potentially develop new capacity.

Appendix 'A'

Questions for Stakeholder interviews

1. What is the history of the program?
2. Why did Beaumont set out to deliver services itself?
3. From your perspective what is working well?
4. From your perspective what is a challenge?
5. What is the goal (ultimate measure of success) of the program from Beaumont's perspective?
6. What priorities do parents articulate when they register concerns about changes to the program? Cost? Availability? Quality? All and in what mix?
7. From Beaumont's perspective, what values are primary when considering:
 - a. Operational factors?
 - b. Financial factors?
 - c. Social factors?
8. What is the relationship between childcare demand and capacity in Beaumont?
9. What else do you feel needs to be considered when evaluating service delivery options?
10. What are your thoughts on the high-level delivery options:
 - a. Status quo;
 - b. Subsidy-only;
 - c. Subsidy & delivery;
 - d. Partnerships;
 - e. No involvement in CCS;
11. Are you aware of any new models you would suggest for Beaumont to best meet its goal?
12. Over the short term, what issues can be anticipated if Beaumont decides to transition to a new model (e.g. subsidy to private providers)?
13. Over the long term, what can be anticipated if Beaumont decides to transition to a new model (e.g. repurpose/sale of facilities)?

Appendix 'B'

Summaries and Findings of Key Previous Reports

Beaumont Child Care Services Needs Assessment and Operational Review **FINAL REPORT Hargreaves and Associates, 2006**

5.3 Profile of Needs Among Beaumont Parents

Needs Defined

Parents with children under the age of 13 who took part in the community survey were asked a series of questions about their need for child care services. Among those parents with children in the 0 to 5 category (23% of the total sample), 55% stated that they had a need for child care services in Beaumont. A similar percentage of parents with children between the ages of 6 and 12 (54%) also indicated a need for local services.

The level of need among households with children under age 6 years as a percentage of all households in Beaumont equates to 13%, and for households with children aged between 6 and 12 years the percentage of the all households is 18%.

Currently, among all parents, 9% reported that they were currently on a waiting list. Among those parents with children under 6 years of age, the percentage on waiting lists increases to 16%. A lower rate (4%) of parents with children between the ages of 6 and 12 years are on a waiting list. These differences further demonstrate that need is greatest for parents of the youngest children.

Demand Estimates

Beaumont currently makes 58 spaces available for children up to 6 years of age, and 30 children can be accommodated in the Out of School Care Program. By the end of 2006, Beaumont's Family Day Home program is expected to increase capacity by 35 spaces.

As Beaumont continues to experience population growth the demand for child care services can be expected to increase as more children between the ages of 0 and 14 reside in Beaumont

The 2005 population of children between the ages of 0 and 14 years is 2,209 and is served by the existing 58 spaces at the Child Care Centre plus the 30 after school spaces. These spaces are all being used and there is a waiting list of approximately 40 children. There are also two homes in Beaumont's Family Day Home program.

The survey indicates that approximately 12% of all households in Beaumont have a need for child care services for children between the ages of 0 and 12 years. However, approximately half of these households have parents who are likely to provide care themselves³⁸, creating an adjusted demand of 4.2% of all households needing care for children between 0 and 5 years, and 7.8% for children between 6 and 12 years. There are also households where there is a need for children in both age groups and these represent a further 3% of all households. This means that for 2005, total household demand for children 0 to 12 is 308 spaces.

Projections of the number of households living in Beaumont by 2016 suggest that there will be 3,718 households. The average annual household growth rate between 2005 and 2016 is approximately 3.8%, but the corresponding annual growth rate for the age group of 0 to 14 is expected to be no better than 1% and would represent approximately one child per household.

Applying the survey rate of 6% of households being in need of non-parent child care services, by 2016 there would be 447 households with a need for children between the ages of 0 and 12 years.

6.0 ALTERNATIVE APPROACHES TO SERVICE DELIVERY

6.1 Developing an Alternative Approach

It is important to note that when considering all the national studies completed on the provision of quality ELCC and the suggested directions by those who develop policy on service provision, Beaumont has achieved an admirable level of response to need. It is clear from the surveys and the focus groups that support for the centre is high, and that families in Beaumont believe the number of spaces for children, particularly infants, needs expanding. Support for a number of options, including approved family day homes, is present but guarded. Participants suggested that inconsistent levels of quality in family day homes - amongst those not licensed or approved - created great stress and limited appropriate alternatives for care.

While there is recognition of the contribution of the Centre to the community, any future service model will need to respect the following factors:

1. Support for the existing centre
 - The provision of core support for the centre has demonstrated benefits that include organizational and program quality and stability, a greater ability to respond to need and a stable and highly qualified staff component.
 - Participants demonstrated strong support for the centre and its expansion based on their recognition of the quality in staffing, programming and care provided at Beaumont Child Care Centre.
2. Strengths of the current model
 - The centre offers high quality programming and care.
 - Other jurisdictions in the province are looking to Beaumont as a preferred model of response to community need.
 - Many families, who have moved into Beaumont, did so with the belief that childcare services would be available when they needed them. A number were sold on the community by real estate agents who use the Centres' availability as a key feature for Beaumont.
 - Focus group participants indicated their desire to support a healthy community with a variety of resources to meet the differing needs of families in Beaumont.
3. Challenges with the current situation
 - There is a demonstrated need for more spaces based on the existing wait list at the centre.
 - The research results suggest that the need will increase as Beaumont grows.
 - The current municipal funding model does not reflect the future need for child care spaces.
 - Not unlike the national debate, opinions in Beaumont vary on what framework of services and resources should be available to support families' differing needs over time.

6.2 Future Development Scenarios

Beyond the status quo and keeping Beaumont Child Care Centre in its present form, there are four basic service delivery scenarios that might be considered as ways to meet future demand.

Scenario #1: Additional Spaces Provided by Beaumont

The first, and the one that was top of mind for participants in the focus groups, is to add spaces to those already provided. Group participants had no particular preference as to how this was done so long as more spaces were available.

There was recognition, however, that the existing site was unsuitable for expansion and that alternatives would be required. In each of our three focus groups there were respondents who referred to using space at Beaumont

Recreation and Activity Centre (BRAC), schools, or the proposed aquatic centre. However, providing some additional spaces though licensed family day homes was also acceptable.

Scenario #2: Expand the Family Day Home Model

As noted, the family day home response is one that offers the ability to add much needed child care spaces. Parents will seek reassurances that this model fits with licensing criteria and meets the criteria they themselves believe to be important in providing a quality care environment for their children.

While this model offers the advantage of shifting some costs from Beaumont to the provider, it is challenged by the real level of supply that can be created. With more women working outside the home they are not available to offer themselves as service providers. This situation is compounded in Beaumont because of the high rate of participation in the labour force among females. As a result, the relative number of mothers available to operate family day homes is limited, meaning that some of the potential demand may still go unmet.

A further challenge is the economic return family day home operators might expect. Such operations could provide a profit and for each individual the economic benefits of providing child care service will be compared to the income potential from being otherwise employed. Further, is the risk that potential operators stay with the program rather than opting out after committing and creating instability. Instability was identified as a key problem that parents wish to avoid.

Scenario #3: Entrepreneurial

It would seem that when there is unmet demand for a service that the best economic response is to increase supply. Beaumont appears to offer an entrepreneurial opportunity and it is one that was raised in the focus groups discussions. New suppliers would consequently take some of the financial burden off Beaumont.

A successful entrepreneurial model, however, requires a profit factor. The question then becomes can a profit be achieved by meeting the needs and expectations for quality that Beaumont residents have described? Until this can be proven, the levels of skepticism expressed by focus group participants will remain high given that their impressions are based on their observations of the number of commercial operations that have closed.

Scenario 4: An Integrated Model

That the research identified roles for different levels of government, service providers and non-government community social agencies, suggests a desire for an integrated response to meeting future child care service needs.

Philosophically, childcare is but one measure of a municipality's support for children and families. Given the demonstrated need, a plan is necessary to determine the level of response to quality early learning and childcare Beaumont believes is appropriate. This discussion should be integrated into a discussion on the development of a system or framework in Beaumont that would be supportive of a family's diverse needs over time. Elements could include recreation, education, psycho/social, financial and spiritual etc. Place the issue of childcare equally within the discussion on all other supports to families currently available or required.

Any response to services for families will not reduce the financial contribution from Beaumont. However, cost does not seem to be an issue for participants in the survey or focus groups when considering services to families within their community. Most participants were willing to allow their tax dollars to be used broadly for services for all families if it created a healthy, supportive community in which people had choices.

Owing to the complexities associated with the circumstances of individual family needs, future delivery needs to ensure that any plan includes alternatives such as approved family day homes, part time centre based care for working families or for those with parents working full time in the home who want access to early learning and care services, and respite spaces for parents experiencing a need for a finite period of time. In addition, and again reflecting needs dictated by variable family circumstances, out of school care programming should be included as an essential component of the framework to facilitate implementation various partners are required in the discussions. Partners might reasonably include schools, recreational services to youth and families, the library, the health care system, and

non-profit services for children and youth. Each system would determine its ability to support or be involved in the provision of early learning and childcare services. For example, Out of School Care might be supplemented by the creation of a Boy's and Girl's Club in Beaumont, offering after school activities and opportunities for leadership for young people.

Consideration of purpose built space integrated into planned facilities is worthwhile and reflects the expectations that Beaumont residents already have. The development of a policy that would ensure space for children in new developments, be these commercial or public developments will be required in order to determine long term capital and operating costs.

The Integrated Toronto First Duty Project model offers a basis for further investigation as it might produce some alternative program possibilities. The blending of the three streams of kindergarten, child care/early childhood education and parenting might produce a model of integrated care that would be more formal and focused than what currently exists. Strategies may include shared space and resources.

While the First Duty Project has a level of social service delivery that might not be required in Beaumont, the idea of working with other community based agencies focused on children and youth might facilitate a stronger response to a number of existing issues surrounding children and families.

Lastly, funding that employs a three to five year business plan will serve to identify annual revenue and expense streams, and serve to identify potential short-falls where municipal assistance or other fund-raising can be assigned Community Involvement

The establishment of the Friends of Childcare Committee was intended to facilitate additional fundraising activities of the childcare centre. Members of the group have suggested expanding that role and developing new terms of reference that would involve them further in the planned use of the fundraising dollars.

Further to this were comments from several focus group participants. A discussion on the extent to which parent volunteers may develop relationships with alternate sources for funding such as businesses in Beaumont, might address issues such as purpose built facilities, support for renovation or expansion of the existing facility, or supplement services with gifts in kind.

Members of Friends of Childcare are also willing to write grant proposals to businesses. This would require that certain details of administration and programs to be shared with them and a system in place that would ensure a consistent message on mission, vision, values and outcomes to be used in all proposals.

7.0 CONCLUSION

When discussing a framework for the support of families, it need not be an exclusive debate. A system that provides support for both parents working inside and outside the home will be inclusive of the differing realities and choices families face.

All jurisdictions are challenged with defining and implementing systems that allow parents the choices they require and that provide the capacity necessary for all families. How does a system work to incorporate the differing needs of families over time? This challenge requires a discussion on the continuum of services necessary.

The research has shown that there are a variety of alternative approaches to delivering child care services. Success varies but no one model appears to be the panacea for all localized issues. It is clear that parents seek quality ahead of cost and that Beaumont is faced with increased demand for child care spaces in the near-term. To-date, Beaumont's response has been respected and recognized as high quality.

Communities providing a holistic approach to child care that includes connections to formal and informal supports that families can draw on when needed, have a greater likelihood of positive outcomes for their children. This includes a service continuum which is coordinated and collaborative and includes health, education, childcare, recreation and social services.

Success in the 21st Century requires the involvement of many agencies and community

Beaumont Child Care Study, 2009, Breakwell Consulting

Executive Summary

Beaumont has been providing child-care services to its residents since the 1980s. The municipally funded and operated program originally began with 29 spaces.

Today it employs 25 qualified staff and serves over 183 children through the Early Learning Child Care Program (ELCCP), the Out of School Care Program and the Family Day Home Agency.

All three programs are either accredited or in the process of accreditation, exemplifying Beaumont's commitment to child care quality and excellence. In March 2009, an additional 6 licensed spaces opened for the Out of School Care Program when it moved to a new location. The move also facilitated the creation of an additional 20 licensed spaces in the Early Learning Child Care Centre (ELCCC).

The Family Day Home Program experienced 120% growth in the number of spaces available, growing from 37 children in 2008 to over 75 by the end of October 2009.

While the number of available spaces has increased, the demand for services has increased even more. Beaumont has experienced significant population growth since 2006, including a 49.4% increase in 0-4 year olds and a 9.5% increase in 10-14 year olds since 2006. This has led to an increased demand in services and longer waiting lists for families needing child-care services.

The long waiting lists (approximately 140 children) and increased fees have been a cause of concern to parents, Council and administration. Even with the increased fees in 2009, administration continues to operate outside of Council Policy #24: Child Care Deficit Funding, which states that Town subsidization is not to exceed more than 20% of the costs of the programs to a maximum of \$1,7701 per child. The actual subsidization in

2008 for the ELCCP and Family Day Home were approximately 36% and 40% respectively. The year to date subsidization to August 2009 was 44% for the Child Care Centre and 27% for the Family Day Home.

The Out of School Care Program receives direct tax subsidy and a significant amount of funding from the Family and Community Support Services (FCSS) grant, which includes a 20% Town subsidy. This program is subsidized at approximately \$699 per space.

An external survey was conducted with six Alberta agencies that provide child care using municipal, for-profit, and not-for-profit models. While the sample size is too small to draw specific conclusions about the three models, general observations are provided in this report.

Information from the province's Child and Youth Services branch allowed us to compare Beaumont program with programs from across the province in the area of wages, fees and staff certification levels.

A more detailed comparison of the municipal programs was conducted, revealing share findings.

This report proposes four operating options and outlines the benefits and drawbacks of each. The options are: Status Quo, Targeted Growth, Partnership Model, and Full Cost Recovery (also called a Private Delivery Model). Each of these options is explored using a high-level analysis. Once Beaumont has a better sense of the direction it would like to take, a detailed analysis should be conducted.

The report provides recommendations regarding next steps, including the development of a Business Plan that should include progress measures tied to staff-child ratios (for example ensuring that the maximum number of children per staff member is achieved 95% of the time), child outcomes, financial indicators and other measures as may be identified by Council and administration.

7 Options Identification

Whether we're talking about snow removal, recreational programs or child-care services, there is no one-size-fits-all solution for municipally supported services and programs.

As Beaumont plans for future child -care service delivery options, the following four scenarios consider the community's current demographics, future projections, and financial circumstances. The Council and administration's vision for child care services in

Beaumont play an important role in choosing the most suitable direction. Each option includes a brief description, possible implications, and the impact on operating and capital costs.

7.1 Option 1: Freeze the Development of Child Care Spaces

Characteristics

In this Option, Beaumont would not create any additional child care spaces. Capital costs related to the expansion of the ELCCC or the Out of School Care program would not be considered. The Family Day Home Agency would be allowed to increase space to a point that current staff could be reasonably expected to handle.

Beaumont would have the option to change Council Policy#24: Child Care Deficit Funding to reflect the current funding scenario, or they could require administration to implement the policy as it is.

Operating Implications

- Freezing the development of child care spaces does not meet the demand for quality child care in the community. With continued population growth this could result in longer waiting lists, more informal arrangements or unsupervised pre-teen children.
- This approach may create a greater incentive for either not-for profit or for-profit programs to start, knowing that Beaumont will not be increasing further locally subsidized spaces in the community.

Financial Implications

- Operating budget increases would mirror cost-of-living and inflationary increases.
- Future capital planning would be consistent with the asset planning of all Town owned facilities (e.g., age of building, maintenance and replacement schedule, etc.). There would be no additional capital investments for child care spaces into the community.
- If Council enforced Policy#24 it would mean that no more than \$98,600 dollars in municipal funding could be spent on the ELCCP, representing no more than 20% of the program expenses. This would require a reduction in tax supported funding of approximately \$292,175. The Family Day Homes currently receive a subsidy less than \$1,770 and would not be impacted.
- Alternatively, Council could revise the policy to reflect current subsidy levels with the stipulation that funding could not exceed more than 20%. The implications of this would be that the overall funding for the Child Care C. This approach would keep costs status quo with slight year over year increases for cost of living adjustment.
- Alternatively, the policy could be amended to read that current subsidy rates would be carried into the future, so for example child care services would be subsidized at a rate of x% per child and that the total value of that could not exceed more than 20% of the cost of the program.

7.2 Option 2: Targeted Growth

It is unlikely that Beaumont will ever be able to meet all the child care needs of its residents.

Instead if Council wants to develop further child care spaces in a cost effective manner they may want to target the growth in additional spaces to meet a very specific need in the community.

Targeted growth would focus on creating additional spaces within the family day home program and children and families would be required to meet eligibility criteria to access the new spaces created through this approach. The targeted growth option could consider the following as eligibility criteria for the spaces:

- family income and ability to pay
- number of children in the family
- single parent or not
- residency
- access to other family supports (do they have parents or other family members that might be able to provide them with a degree so service.

Growth in spaces would be managed by only increasing the number of spaces based on ensuring that 25% of those that fit the above criteria are able to access spaces.

Characteristics

- Targets for the number of licensed day-care and out-of-school spaces would be determined.
- Further expansion of family day-home spots would address growth.
- Growth in spaces is limited to those that may not have access to other services or when a private option may be cost prohibitive
- Not-for profit or private sector may feel more confident “breaking into” the community knowing that there is demand that Beaumont will not be able to satisfy.

Operating Implications

- For the most part, the operations of the programs would remain as is, with growth occurring when evidence of demand is there.
- Targeting higher needs families may result in additional programming or family support services.

Financial Implications

- Council Policy #24 could be reviewed to determine if parent fees for town residents might be increased without impacting capacity. The policy would either be implemented in which case there would be a significant increase to user fees, or the program readjusts its policy to reflect the current subsidization levels
- Sustainability of the program could be at risk if realistic targets are not set.
- Increases in parent fees and tax-payer contributions need to remain at a level acceptable to users and tax payers.
- Financial efficiencies may exist without changing the integrity of the programs.
- There might be a greater incentive to start up a for-profit or not-for profit program if there are assurances that Beaumont had a vision for space development and would not deviate from it if possible.

7.3 Option 3: Partnership Model

Increasingly municipalities are turning to community agencies and organizations to work in partnership with the municipality to create, enhance or manage new initiatives. One of these program areas could be child care services.

Characteristics

- Beaumont seeks additional partners in the community to offer child-care services.
- Opportunities may exist within the not-for-profit sector and private industry for both operating and capital improvements (e.g., Christianson Development, YMCA, local school board).

- The governance for the program could be passed on to a board or committee as in Drayton Valley.

Operating Implications

- Beaumont would have to sacrifice some of its control over and direction for programs.
- The community would not rely as fully on Beaumont to offer the services.

Financial Implications

- Beaumont should see cost savings as a result of partnerships. However, the specific impact would be dependent on the partnership established.

7.4 Option 4: Private Sector Model

Characteristics

- The Municipality would absolve itself of responsibility for child-care services in the community.
- Private industry would be encouraged to provide additional spaces.

Operating Implications

- Residents who believe quality child care is a municipal responsibility will be dissatisfied with the decision.
- An exit strategy would need to be developed. Assurances would want to be made that accreditation is in place before the new operating model is in place.
- Beaumont would have no control over the quality of the programs.

Financial Implications

- The extent of subsidization from the Municipality would need to be explored.
- User fees to be increased to satisfy market conditions
- Greater than \$400,000 per year would be “saved”

There is some speculation as to why the private industry has not responded to the demand for child care services in Beaumont by opening day care programs. The rules of supply and demand may not apply in Beaumont due to the existence of a quality, highly subsidized municipal program. Private industry could not compete with the Municipality in a regulated environment.

- The expected program outcomes and performance measurement statistics.

8 Conclusions

Beaumont has a strong legacy of providing quality child care services to the community. However, population growth and the demographics of the municipality have placed pressures on Council and Administration to continue meeting the needs of its citizens.

The child care service issues facing Beaumont in 2009 are not dissimilar to the concerns before Council and Administration in October of 2005, when a needs assessment and operational review was undertaken by Hargreaves & Associates. If anything, demand for quality child care has only continued to escalate. As well, when one considers the improving economic situation in Alberta coupled with expected growth and development in the southern area of the Capital Region, it is very likely that Beaumont will continue to face these challenges.

A variety of options are provided to Council for their consideration in addressing the future operating and capital demands on the child care program. Council and Administration are encouraged to discuss these alternatives as they align to Beaumont's Vision, Mission and Values, and within a longer term planning framework. This will ensure that annual action plans and targets will be consistent and transparent for staff, program users and citizens.

Beaumont benefits from the skills, experience, passion and commitment of their staff. All those involved in setting the direction for child care services, be they staff or elected officials, should be weary of developing positions that are so entrenched that meaningful debate around finding solutions that make sense on a financial, operational and community needs basis are lost in an ideological tug of war.

2010 Open House Document

OPERATIONAL REVIEW RECOMMENDATIONS

Access Database

- Waiting List management – provides for children on waiting lists, guardians/parents, providers.
- Tracking of spaces for current children in care / bussing – provides for monthly reports.
- Attendance tracking capabilities for billing efficiencies.

Early Learning Child Care Centre staff work hours

- Transition staff from an 8 hour work day to a 7.5 hour work day by August 1, 2010. This means that staff will be paid 2.5 hours less per week, resulting in substantial cost savings as well as better hours and improved work life balance for staff.

ELCC (Early Learning Child Care Centre) to close at 5:30 p.m.

- ELCC will close at 5:30 p.m. as of August 1, 2010 in correlation with reduced work hours plan. Currently, there are no children at the site between 5:30 and 6:00 p.m.
- The School Aged Program (SAP) will remain open until 6:00 p.m. to accommodate children using care at this time.

Change of shift structure at School Age Program

- Shifts should be reviewed to minimize downtime during slow times. Staff will be on new schedules as of August, 2010.

Review fees and charges to reflect current market rates and the provincial average for comparable accredited facilities.

- Detailed survey of child care providers in Edmonton conducted.
- Provincial data reviewed.
- Actual increase to be phased in during annual budget approval process.
- Review of the bussing fees of Family Child Care to better reflect actual costs.
- Review of the Provider insurance fee for non-local Providers to two-tier the fee.
- Research the appropriate fee for the Provider commitment plan.
- Addition of the Agency back-up care refusal fee.
- Addition of Provider set-up material fee.
- NOTE: Fees will be market based leaving opportunity for additional child care operators to be able to compete in Beaumont – helping to resolve the problem of lack of child care spaces.

Part-time Spaces for ELCC and SAP

- Eliminate 1 day and 4 day spaces on the 2010 fee schedule
- Revise part-time schedule to reflect Mon, Wed, Fri for 3 days/week or Tues & Thurs. for two days /week ONLY – no other day combos unless registered as a drop-in. This will ensure all spaces are filled to capacity and will be easier for the Supervisor to manage.
- Current part-time schedules that do not reflect this new schedule will be grandfathered in but new spaces that become available will be as noted above.

Reclaim third party lease space in Ken Nichol Recreation Centre so that entire north wing is a child care facility. This will allow for the expansion of Infant and Toddler spaces upstairs because older children will move downstairs.

- Review the location of Kinder Program to maximize space allocation.

Review delivery model for Family Day Home.

- Day Home Agency needs to become more cost neutral and responsive to market conditions and less dependent on municipal subsidy for administration.

SUMMARY

- The municipally run Child Care Program in Beaumont is not able to meet the future demand for child care in their town. The increasing costs of running this Program have required increasing municipal subsidies – up to 50%. This means Beaumont has to allocate additional funds on a limited tax base to offer a finite number of spaces.
- The recommendations provided within the operational review are targeted at reducing the costs and increasing revenues.
- Matched with a set annual subsidy (still to be determined) and a change in governance to a Not-For-Profit or other user managed program, it is expected the program will be able to become sustainable in the long term.
- It is also anticipated that private child care facilities may find it profitable to open up in Beaumont, once user fees are market based, thereby opening additional child care spaces.

NEXT STEPS

- Town Council approval of the recommendations presented.
- Presentation of public input to Council with detailed implementation plan.
- Set up Advisory Board of parents and stakeholders to begin including parents in the decision making and governance process.
- Determine funding formula for municipal support.
- Identify actual fee increase required and timing for implementation.
- Completion of transition plan.

TIMELINES

1. Implementation of the staffing plan by August 1, 2010.
2. Fee increases will be phased in during annual budget approval process.
3. Advisory committee to be selected by June 1, 2010.

Beaumont Child Care Advisory Board Report - 2012

Purpose of Report

This report is designed to compare particular models of governance to specific evaluation criteria. This report differs from the previously mentioned reports in 2006 and 2009 that involved more detail and covered broader strategies on a variety of themes. The CCAB selected five governance models for comparison:

- Services delivered by an Independent Board
- Services delivered by an Existing Child Care Agency (i.e. YMCA)
- Services delivered by Private Sector Companies
- Services delivered using a Modified Municipal Approach
- Services currently delivered using a Municipal Model Approach

These models have been previously shared with council as possible models to consider. The evaluation criteria, which were also shared with Town Council, are the measurables that both the CCAB and Town Administration have deemed appropriate to aid in the successfulness of the chosen desired model for governance. The criteria are as follows:

1. Quality of Program
2. Cost of Program
3. Ease of Implementation
4. Sustainability
5. Ability to Expand to Meet Demands
6. Program Oversight

At the end of this report, the CCAB will provide recommendations to Council regarding the model of governance for child care in Beaumont. These recommendations will be based on the following:

- Information collected in the preparation of this report
- Professional experiences of selected child care service providers, gathered through on-on-one interviews.
- Direction from community members of the CCAB

[The conclusion of this report does not provide recommendations as stated above.]

ⁱ “What is Loss Aversion?” Russell A. Poldrack, professor of psychology at Stanford University, Scientificamerican.com (<https://www.scientificamerican.com/article/what-is-loss-aversion/>)

ⁱⁱ <https://www.blackgold.ca/schools/programs/pre-kindergarten/>

ⁱⁱⁱ <http://www.pinchercreekvoice.com/2018/06/childrens-world-daycare-to-close-mayor.html>

^{iv} “The Benefits and Costs of Good Child Care. The Economic Rationale for Public Investment in Young Children- A Policy Study” Gordon Cleveland and Michael Krashinsky. Department of Economics. University of Toronto at Scarborough, March 1998



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