



STAFF REPORT FOR INFORMATION

Additional 2007 Draw from the Child Care Expansion Reserve Fund (CCERF) and 2008 Projected Service Impacts

Date:	November 14, 2007
To:	Community Development and Recreation
From:	General Manager, Children's Services
Wards:	All
Reference Number:	

SUMMARY

This is a report back for information requested by the Community Development and Recreational Committee, Budget Committee and Executive Committee as a result of two reports in June 2007 and July 2007 respectively: 2007 Best Start Update to Child Care Service Plan and Report Back on Income Testing and 2007 Additional Best Start Funding and New Funding for Aboriginal Child Care. It was anticipated that an additional draw from the CCERF would be necessary in 2007 due to the impact of income testing, but this will not be necessary due to subsequent funding received from the Provincial and Federal budgets. Based on current service levels, it is expected that the Reserve will not be exhausted until 2010. The current service level is expected to be maintained in 2008.

RECOMMENDATIONS

It is recommended that this report be received for information.

FINANCIAL IMPACT

This report will have no financial impact beyond what has already been approved in the current year's budget.

DECISION HISTORY

2007 Best Start Update to Child Care Service Plan and Report Back on Income Testing was approved by City Council on July 16, 17, 18 and 19, 2007.

<http://www.toronto.ca/legdocs/mmis/2007/ex/bgrd/backgroundfile-5084.pdf>

In the meantime, additional funding was received by the Province which resulted in a second update report that in addition announced new funding for aboriginal Child Care. <http://www.toronto.ca/legdocs/mmis/2007/ex/bgrd/backgroundfile-6164.pdf>

ISSUE BACKGROUND

The Division had estimated \$7.5 million reduction in parent fees due to the impact of income testing in 2007 and \$15 million annualized. In addition to the impact of Income Testing, and because current provincial funding is not sufficient to maintain current service levels, there are also base funding pressures.

The Children's Services' 2007 Operating Budget includes a draw from the CCERF Fund of approximately \$13.5 million to fund base funding pressures and offset residual impacts of income testing. The CCERF would have been exhausted in early 2009 and would have resulted in reductions to child care subsidy service levels by over 3,500 spaces beginning in September, 2008.

However, the Province made child care funding announcements in both June and July 2007. As a result of both announcements, the City will receive \$24.1 million in additional funding in 2007. On an annualized basis in 2008, the current funding commitments grows to \$32.2 million.

The additional funding is now sufficient to meet the financial pressures in 2007 without additional draws from the Child Care Expansion Reserve.

COMMENTS

The long term full impact of income testing is still unresolved. Waiting lists for child care subsidy have grown by at least 53 % since the beginning of 2007 when Income Testing was implemented. Vacant child care spaces threaten the viability of many of our new Best Start child care centres because they were built in communities with the highest level of poverty and depend on families receiving subsidies in order to access child care for their children.

In 2008, Children's Services' is projecting to draw approximately \$8.7 million from the CCERF to maintain the current level of service (24,000 fee subsidies). Without resolution to the impact of Income Testing, the City cannot address the growing waiting list for child care subsidy.

The General Manager, Children's Services is also participating on a Provincial-Municipal Working Group on Income testing with representatives from the Ontario Municipal Social Services Association and the Association of Municipalities of Ontario to assess the financial implications of income testing and provide recommendations to the Minister of Children and Youth Services concerning their resolution.

The City will continue to pursue the impact of income testing with the Ministry of Children and Youth Services.

CONTACT

Andres Hachard
Manager, Budget & Finance
Tel. (416) 392-3757
Fax (416) 397-4518
Email: ahachard@toronto.ca

SIGNATURE

Brenda Patterson
General Manager, Children's Services