

## Executive Committee – Item 10.29

*Considered by City Council on July 16, 17, 18 and 19, 2007*

<b>EX10.29</b>	NO AMENDMENT			Ward: All
----------------	--------------	--	--	-----------

### **2007 Best Start Update to Child Care Service Plan and Report Back on Income Testing**

#### **City Council Decision**

City Council on July 16, 17, 18 and 19, 2007, adopted the following motions:

1. Council approve the 2007 Best Start Update to the Toronto Child Care Service Plan attached as Appendix 1 and that the approved plan be forwarded to the Ministry of Children and Youth Services.
2. The Children’s Services’ 2007 Approved Operating Budget be amended to include an additional \$6,815.557 thousand in provincial Best Start revenues offset by a reduction of \$6,815.557 thousand in parent fees due to the introduction of income testing.
3. Any additional reduction in parent fees in 2007 due to the introduction of income testing be funded from the Child Care Expansion Reserve Fund (CCERF).
4. Retroactive to January 1, 2007, base funding rate adjustments be made to eligible child care operators, family resource programs, special needs resourcing services and home child care provider rates in accordance with City budget guidelines and in a manner that maximizes the available provincial subsidy.
5. Health and safety funding of \$1.0 million, included in Children’s Services’ 2007 Approved Capital Budget, be paid to eligible child care operators.
6. The General Manager of Children’s Services report to the Community Development and Recreational Committee and Budget Committee in December 2007, on the additional 2007 draw from the CCERF that may be required due to the impact of income testing and the expected service impacts in 2008.
7. The City continue to advocate with the province for adequate, flexible and multi-year funding for child care, including \$15 million for income testing and \$20 million for the base budget in 2008; and further, an additional \$28 million per year be requested for 2008 and 2009 to increase the number of fee subsidies available for the growing wait list of families eligible for subsidy.
8. City Council endorse the speedy passage of Bill C-303, “an Act to establish criteria and conditions in respect of funding for early learning and child care programs, in order to ensure the quality, accessibility, universality and accountability of those programs, and to appoint a council to advise the Minister of Human Resources and

Skills Development on matters relating to early learning and child care”, currently before the Federal Parliament.

9. The General Manager, Children’s Services, be requested to report to the September 7, 2007 meeting of the Community Development and Recreation Committee on possible new policies and incentives to increase the availability of part-time and after hours child care.
10. The appropriate officials be authorized to take the necessary action to give effect thereto.

---

(June 14, 2007) Communication from the Budget Committee

### **Committee Recommendations**

The Executive Committee recommends that:

1. Council approve the 2007 Best Start Update to the Toronto Child Care Service Plan attached as Appendix 1 and that the approved plan be forwarded to the Ministry of Children and Youth Services;
2. the Children’s Services’ 2007 Approved Operating Budget be amended to include an additional \$6,815.557 thousand in provincial Best Start revenues offset by a reduction of \$6,815.557 thousand in parent fees due to the introduction of income testing;
3. any additional reduction in parent fees in 2007 due to the introduction of income testing be funded from the Child Care Expansion Reserve Fund (CCERF);
4. retroactive to January 1, 2007, base funding rate adjustments be made to eligible child care operators, family resource programs, special needs resourcing services and home child care provider rates in accordance with city budget guidelines and in a manner that maximizes the available provincial subsidy;
5. health and safety funding of \$1.0 million, included in Children’s Services’ 2007 Approved Capital Budget, be paid to eligible child care operators;
6. the General Manager of Children’s Services report to the Community Development and Recreational Committee and Budget Committee in December 2007, on the additional 2007 draw from the CCERF that may be required due to the impact of income testing and the expected service impacts in 2008;
7. the City continue to advocate with the province for adequate, flexible and multi-year funding for child care, including \$15 million for income testing and \$20 million for the base budget in 2008; and further, an additional \$28 million per year be requested for 2008 and 2009 to increase the number of fee subsidies available for the growing wait list of families eligible for subsidy;
8. City Council endorse the speedy passage of Bill C-303, “an Act to establish criteria and conditions in respect of funding for early learning and child care programs in order to

ensure the quality, accessibility, universality and accountability of those programs, and to appoint a council to advise the Minister of Human Resources and Skills Development on matters relating to early learning and child care”, currently before the Federal Parliament;

9. the General Manager, Children’s Services, be requested to report to the September 7, 2007, meeting of the Community Development and Recreation Committee on possible new policies and incentives to increase the availability of part-time and after hours child care; and
10. the appropriate officials be authorized to take the necessary action to give effect thereto.

### **Financial Impact**

The Minister of Children and Youth Services has confirmed that the City will receive an additional \$9.1 million in Best Start funding for 2007/2008. As with previous Best Start funding, there is no net impact to the City. The Children’s Services’ 2007 Operating Budget must be adjusted to account for the additional \$6.8 million (2007 allocation) in provincial revenues. The additional provincial revenue is expected to partially offset the reduction in parent fees resulting from the introduction of Income Testing. Currently, the Division has estimated \$7.5 million reduction in parent fees due to the phasing of Income Testing in 2007 (\$15.0 million annualized). Any reduction in parent fees beyond the additional provincial revenues of \$6.8 million (included in Recommendation No. 2), estimated at \$0.7 million (\$7.5 million less \$6.8 million) is recommended to be funded from an additional draw from the CCERF.

The Child Care Expansion Reserve Fund is expected to be exhausted in 2008 (as shown on the table below). Current provincial funding is not sufficient to maintain current service levels and absorb the full year impact of Income Testing in 2008. Service reductions may be necessary by September 2008 to fully implement service level reductions in 2009. The General Manager of Children’s Services will report to the Community Development and Recreational Committee and Budget Committee in late 2007 on the service level impact in 2008.

<b>Child Care Expansion Reserve Fund (Best Start)</b>	<b>\$000s</b>
<b>2006 Year-end Balance</b>	<b>45,296.4</b>
Council Approved Draws in 2007:	
2007 Operating Budget	(15,904.3)
2007 Capital Budget	(887.1)
Estimated additional draw required in 2007 due to Income Testing (\$7.5m - \$6.8m)	(700.0)
<b>2007 Projected Year-end Balance</b>	<b>27,805.0</b>
2008 Projected withdrawals to maintain 2007 service levels	(22,202.3)
2008 incremental impact of Income Testing (\$15.0m - \$9.1m)	(5,900.0)
<b>Total 2008 Required Draw to maintain services levels</b>	<b>(28,102.3)</b>

Also, Children’s Services 2007 Approved Capital Budget includes a Health and Safety/Playground Project of \$5.0 million to assist child care operators address health and safety concerns including playground retrofit. Recommendation No. 3 of the Children’s Services 2007 Approved Capital Budget states that “approval of the \$4.0 million, representing the provincial portion of the \$5.0 million gross expenditure for the Health and Safety/Playground project, be conditional on receiving this funding from the Province”. It is not expected that these funds will be received, thus, this report recommends that Children’s Services spend the \$1.0 million included in the 2007 Approved Capital Budget, representing the City’s portion of the Health and Safety funding.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

### **Summary**

This report seeks approval for the 2007 Best Start Update to the City’s 2005-2009 Child Care Service Plan, updated to reflect the impact of income testing, outlines the City’s allocation of new provincial Best Start funding and recommends base rate increases to child care operators. The updated Service Plan describes the current service levels and the funding shortfalls for 2007 and 2008 including expected reductions in parent revenues from income testing. The Division held information sessions with parents and other stakeholders on the financial pressures facing the City as a result of base funding pressures and the impact of income testing. This report provides information on the results of the information sessions. The updated plan provides a strategy to address the impact of income testing by maintaining service levels through the use of the Child Care Expansion Reserve Fund (CCERF). The Reserve is expected to be exhausted in 2008 and the plan proposes that service reductions would occur in September 2008.

### **Background Information**

2007 Best Start Update to Child Care Service Plan and Report Back on Income Testing 2006 Final Year-End Operating Variance Report

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

**Declared Interest (City Council)**

Councillor Moscoe - in that his daughter is a part-time child-care worker employed by the Children Services Division.