

## **TRANSITIONING TORONTO'S CHILD CARE SYSTEM INFORMATION FOR CHILD CARE OPERATORS & BOARDS OF DIRECTORS**

### **How does Full-Day Kindergarten (FDK) impact the child care system?**

FDK is a positive development for many children and families in Toronto. At the same time, implementing FDK without corresponding policy and financial resources for child care will have an impact on the supply and cost of child care in the City. As four and five year olds leave child care to enroll in FDK, vacancies are created in preschool programs, resulting in a potential revenue loss for centres. The potential for filling preschool vacancies (2½ to Kindergarten entry) is limited when a centre relies on revenue generated from fee subsidies. In addition, the fees for younger ages will increase to cover overhead costs previously off-set by fees from four and five year olds.

### **Why must four and five year olds leave the child care system?**

As FDK is implemented, four and five year olds will have access to a universal program in schools that is fully funded by the Ministry of Education. Before- and after-school programs will also be offered where demand exists for this age group on a cost-recovery basis. Existing child care resources are limited and must be reinvested to sustain a system of care for younger children (ages 0-3), since these children are more expensive to care for and do not have access to school-based programs.

### **What is the Ward Analysis?**

The Ward Analysis demonstrates the potential impact of (FDK) on the child care system in Toronto. The Analysis:

- determines the percentage of centres at risk of closure based on assumptions about revenue loss as four and five year olds leave child care for school-based programs.
- projects what the system would look like if all centres at risk were to close.
- projects what the system would look like if sufficient financial resources were made available to implement all operators' plans to reconfigure to serve younger children (based on operator surveys).
- will help determine where strategic capital investment should take place to sustain a high-quality system of care for younger children.

Find the full analysis at: <http://www.toronto.ca/children/wardanalysis.htm>

### **What resources are required, and what has been received to date?**

The successful implementation of FDK and the stabilization of the child care sector require that a number of funding challenges be resolved at the provincial level. Requirements include:

- A new funding model to address affordability of child care.
- Capital: an estimated \$27.4 million (including \$13.5 million for centres located outside of schools) is needed in capital funding for existing centres to reconfigure to meet the legislated requirements of serving younger children. Toronto is expected to receive \$2.8 million in capital funding from the province at full implementation, leaving a shortfall of \$24.6 million.

- **Transitional:** An additional \$27.0 million in annual funding is required to address the transition and operational needs of the child care system as it increases services to younger age groups. To date, \$1.9 million has been received.
- Index child care investments to inflation.

### **What can operators do?**

- Understand the impact to your centre by raising key questions, concerns and operational issues with your District Consultant.
- Consider what resources are available to you to assist with the transition.
- Consider your options from an operational and financial perspective.
- Understand what is going on in your neighbourhood; what other operators' plans are; options for multiple operators to explore together.
- Develop a business plan.

### **What is Children's Services doing to help?**

Children's Services consultants are available to provide information and work with operators on the development of transition plans and community development strategies that mitigate the impacts of the transition to FDK.

Children's Services is working with the Ministry of Education on policy and funding changes that could help to stabilize the child care system.