

Transitional Issues Impacting Toronto's Child Care System and Recommended Actions for Mitigation

RECOMMENDATION: Toronto and Ontario's child care system requires a new funding model that addresses affordability and accessibility and that provides adequate capital and operating funding to manage the transition issues related to full-day kindergarten.

Background:

- This Fact Sheet provides an overview of the child care system at full implementation of full-day kindergarten (FDK) in September 2014, when all 4 and 5 year olds will have access to care in a school setting. It also outlines the capital and transitional resources required to stabilize the system.
- Children's Services takes a systems approach to planning. This analysis assumes no growth in the subsidy system. It outlines the resources required to maintain 24,000 fee subsidies for children 0 to 12.
- The move of 4 and 5 year olds from child care provides opportunities to convert vacated spaces into space for younger children aged 0 to 3.
- The child care system can successfully transition to serve an increased number of younger children if it has funding and policy resources from the Province of Ontario. These resources are required to address both affordability and accessibility for families.
- Capital resources are required to transition space previously used by 4 and 5 year olds into space that is suitable for younger children. Without the necessary capital, the child care system could lose 23% of its licensed capacity, or 7,284 licensed spaces, by 2014.
- There are insufficient fee subsidies to address all children enrolling in FDK. New 100% provincial fee subsidies are required each year.
- Additional subsidy resources are also required to address the increased cost of child care. Child care fees are expected to increase by 10%. This increase reflects the higher cost of providing care to infants and the loss of cross-subsidizing from fees for 4 and 5 year olds.

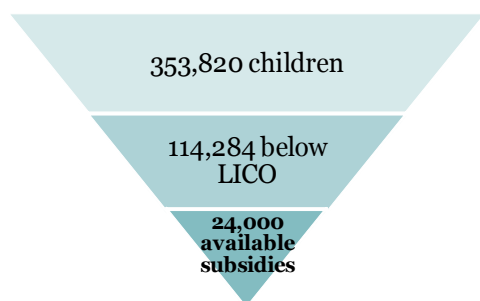
Capital Requirements:

- Funding to address the cost of reconfiguring space to serve the needs of younger age groups. Funding of capital comes directly through targeted provincial allocations.
- Toronto Need:
 - \$13.9M capital costs for child care located in a school
 - \$13.5M capital costs for child care located outside of schools
 - \$27.4M Total
- Resources Confirmed:
 - \$0.332M provincial capital for Toronto
 - \$26.1M Shortfall

Transitional/Operating Requirements:

- Funding to support the child care system during and following transition to FDK and to maintain current fee subsidy service levels.
- Toronto Need:
\$27M to maintain current levels
- Resources Available:
\$11.7M Toronto's estimated (unconfirmed) share at 2014
\$ 6.3M Reinvestment of savings from 4 and 5 year olds (wage & fee subsidies)
\$15.3M projected shortfall without reinvestment; \$9M with reinvestment
- Resources Confirmed:
\$1.9M additional fee subsidies received to stabilize the child care system.
\$0.759M in new fee subsidies received for JK/SK enrolled in FDK.

Toronto Demographics



32% of Toronto's child population (age 0-12) lives below Statistics Canada's Low Income Cut-Off compared to 18% in the GTA.

Ward Analysis

The ward analysis projects service levels at full implementation of FDK in 2014 under two scenarios: without intervention; and with intervention. Findings will guide the strategic investment of resources.

Summary of Findings:

- 400 centres (43% of the system) are at risk as a result of a potential revenue loss of 25% or more as 4 and 5 year olds leave to attend school programs.
- 159 centres (17% of the system) are at greater risk as a result of the above loss of revenue, combined with 50% or more of the centre's revenue coming from fee subsidies.
- If those 159 centres at risk were to close, the city would lose 17% of infant capacity, 14.6% of toddler capacity and 21.3% of preschool capacity.
- If operators' business plans were realized, the city could see an increase in infant spaces of 22.3%, an increase in toddler spaces of 25% and a decrease in preschool spaces of 18%. The preschool decrease reflects the move of 4 and 5 year olds to the school system.
- The projected service loss would decrease from 23% to 6% if the required resources were available to implement operators' business plans.
- The service loss is directly related to the availability of licensed child care spaces and not the number of fee subsidies. If service levels are not addressed, all families will have limited or no access to a licensed space.