

# TORONTO STAFF REPORT

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March 1, 2005

To: Community Services Committee  
From: Commissioner of Community and Neighbourhood Services  
Subject: Federal Support for an Early Learning and Child Care Initiative

Purpose:

This report provides an overview of the recent federal budget announced commitment of funding for Early Learning and Child Care.

Financial Implications and Impact Statement:

This report has no immediate financial implications in 2005.

Recommendations:

It is recommended that this report be received for information.

Comments:

As part of the 2005 federal budget announcements, the Minister of Finance committed \$5 billion over five years in support of an Early Learning and Child Care (ELCC) initiative. While an agreement has not yet been reached, the federal-provincial-territorial ministers responsible for social services, with the exception of Quebec, agreed to be guided by four key principles - quality, universally inclusive, accessible and developmental (QUAD) in establishing priorities for their Early Learning and Child Care system.

Because a multilateral agreement has yet to be secured, the Federal government plans to pay \$700 million in funding for the initial phase of ELCC in 2004-2005 and 2005-2006, into a third party trust. Provinces and territories will be able to access funds on a per capita basis until the end of 2005-2006 while the government pursues a multilateral agreement. It is expected that a multilateral agreement and framework for quality programs and services across the country will be reached before funding for future years is released. Appendix 1 provides details of the yearly funding commitment for ELCC from 2004-2010.

The Federal government has indicated that a total of \$100 million of the ELCC funding will be devoted to First Nations on reserve to address on reserve early learning and child care needs.

This funding will begin in 2006-2007 and will be phased in over four years at \$25 million a year. A similar phased investment of \$100 million, beginning in 2006-2007, is expected to support improved research and the development of common evidence-based indicators and benchmarks.

The Ontario government is expected to use ELCC funding to support their Best Start plan to increase child care during non-school hours for children enrolled in Junior and Senior Kindergarten. In a companion report, the Department has outlined the Implementation Planning for Best Start. Although specific ELCC allocations to Ontario and Toronto are not yet confirmed, it is estimated that Ontario's share would be \$271.6 million. Depending on the method used to calculate Toronto's share, it is estimated that the City could receive between \$59.5 and \$78.2 million in the first year of ELCC funding; on an annualized basis the City's share in the first year of funding would be between \$48.9 and \$64.2 million. Appendix 2 details both the fiscal and annual impact of the ELCC and estimated increase in subsidized child care spaces for the City. Once specific funding allocations are known, the Department will report on the impacts on 2005 and 2006 capital and operating budgets.

Increased subsidized child care service requires an increase in the number of licensed child care spaces. It is expected that in the initial phase a significant portion of the funding will be directed to capital funding to support child care growth. Increased child care fee subsidy spaces will be phased in as child care centres are developed. The Department has been working with both the Toronto District School Board and the Toronto Catholic District School Board to identify schools where child care growth may occur. Growth will be guided by the Service Plan for Child Care and ensure that child care development improves equity of access.

Conclusions:

This report outlines the Federal government's commitment to \$5 billion in funding for Early Learning and Child Care and provides preliminary estimates of funding for Toronto.

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General Manager of Children's Services

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Commissioner of Community & Neighbourhood Services

List of Attachments:

Appendices 1 & 2

**Appendix 1**  
**Federal Support for an Early Learning and Child Care (ELCC) Initiative**

(millions of dollars)

	2004-05	2005-6	2006-07	2007-08	2008-09	2009-10	Total
ELCC Initiative	200	500	700	1,200	1,200	1,200	5,000
Trust to provinces/territories <sup>1</sup>	200	500					700
Annual amount available to provinces/territories			650	1,150	1,150	1,150	4,100
First Nations on-reserve			25	25	25	25	100
Accountability			25	25	25	25	100

<sup>1</sup> \$700 million of ELCC initial phase funding for two years (2004-05 and 2005-06) to be paid to a third-party trust on behalf of provinces and territories and accounted for by the Government of Canada in 2004-05. Two-year profile based on an assumed notional draw down by provinces and territories, as required, up to the end of 2005-06.

Source: 2005 Budget Plan, Government of Canada, February 23, 2005

## Appendix 2

### Impact of Federal Funding on City of Toronto

1. **What is Toronto's share?** – 2 scenarios are presented below
  - Scenario 1 – 21.9% of Ontario's share, based on child population
  - Scenario 2 – 28.8% of Ontario's share, based on several factors including proportion of children in low income families; this also represents the actual share received from the Federal/Provincial/Territorial ELCC Framework funding
  
2. **What is the difference between 'Fiscal' and 'Annual' funding?**
  - Federal and Ontario governments operate on a fiscal year starting on April 1<sup>st</sup>
  - City of Toronto operates on a fiscal year which matches the calendar year; the funding available to the City has to be therefore translated to the 'Annual' figures.
  
3. **Assumptions about potential City of Toronto contribution**
  - Toronto is not expected to cost-share any of the new funding in 2005
  - Calculation shown below assumes:
    - i. 20% share of net operating costs (after user fees)
    - ii. 0% contribution to capital costs; \$40 million annually to build 20 new centres each year
    - iii. 50% contribution to program management costs

		2004/6	2006/7	2007/8	2008/9	2009/10
	share (%)	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Federal Funds (in \$000,000's)</b>		<b>700.0</b>	<b>650.0</b>	<b>1,150.0</b>	<b>1,150.0</b>	<b>1,150.0</b>
<b>Ontario receives</b>	<b>38.8%</b>	<b>271.6</b>	<b>252.2</b>	<b>446.2</b>	<b>446.2</b>	<b>446.2</b>
<b>Toronto receives</b>						
Scenario 1	21.9%	59.5	55.2	97.7	97.7	97.7
Scenario 2	28.8%	78.2	72.6	128.5	128.5	128.5
<b>Annualized Allocation</b>		<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Scenario 1		48.9	52.0	87.1	97.7	97.7
Scenario 2		64.2	68.4	114.5	128.5	128.5
<b>Toronto's cost-shared contribution</b>						
Scenario 1		-	4.5	14.2	17.2	17.2
Scenario 2		-	9.1	21.9	25.7	25.7
<b>Total Government Funding</b>						
Scenario 1		48.9	56.5	101.3	114.9	114.9
Scenario 2		64.2	77.5	136.4	154.2	154.2
<b>Spaces (\$6,916 net cost after user fees)</b>						
Scenario 1		864	1,814	7,905	9,758	9,758
Scenario 2		2,938	4,672	12,693	15,118	15,118
<b>User Fees (average \$9.00 per day)</b>						
Scenario 1		2.0	4.3	18.6	22.9	22.9
Scenario 2		6.9	11.0	29.8	35.5	35.5
<b>Gross Budget Impact</b>						
<b>Capital</b>		<b>40.0</b>	<b>40.0</b>	<b>40.0</b>	<b>40.0</b>	<b>40.0</b>
<b>Operating</b>						
Scenario 1		10.9	20.8	79.9	97.8	97.8
Scenario 2		31.1	48.5	126.2	149.7	149.7