

Clause embodied in Report No. 2 of the Policy and Finance Committee, as adopted by the Council of the City of Toronto at its meeting held on March 1, 2 and 3, 2004.

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Funding for Child Care in Toronto from the Multilateral Framework on Early Learning and Child Care

(City Council on March 1, 2 and 3, 2004, adopted this Clause, without amendment.)

The Policy and Finance Committee recommends the adoption of the recommendation of the Community Services Committee contained in the following communication (February 4, 2004) from the City Clerk:

Recommendation:

The Community Services Committee, at that portion of its meeting held on February 4, 2004, recommended to the Policy and Finance Committee, and Council, the adoption of the attached report dated January 14, 2004, from the Commissioner of Community and Neighbourhood Services respecting funding for child care in Toronto from the Multilateral Framework on Early Learning and Child Care.

(Report dated January 14, 2004, addressed to the
Community Services Committee, from the
Commissioner of Community and Neighbourhood Services)

Purpose:

This report provides information concerning health and safety funding for licensed child care programs made available under the federal, provincial and territorial Multilateral Framework on Early Learning and Child Care, and seeks approval to distribute the funds in accordance with provincial criteria.

Financial Implications and Impact Statement:

The City of Toronto will receive \$2.1 million from the Province of Ontario under year one of the Multilateral Agreement on Early Learning and Child Care. Funding coming from the 2003/2004 allocation under the agreement must be used to support health and safety projects in not-for-profit child-care and distributed by March 31, 2004. Future funding allocations for 2004/2005 under this agreement have not yet been announced.

Of the total \$2.5 million included in the 2003 approved Capital Budget for health and safety projects, \$0.5 million has been spent in 2003. This variance has resulted in a carry forward

funding of \$2.0 million from 2003 into 2004 that can now be spent as a result of the Provincial announcement. The remaining \$0.1 million requires Council pre-approval as the Capital Budget has not been approved for an amount greater than \$2.5 million for health and safety projects. These expenditures are included in the 2004 EMT Recommended Capital Budget for Children's Services.

The Chief Financial Officer and Treasurer has reviewed this report and concurs with the financial impact statement.

Recommendations:

It is recommended that:

- (1) authority be granted to receive approximately \$2.1 million from the Province of Ontario for the purpose of funding approved health and safety projects including retrofitting playgrounds in child care programs prior to March 31, 2004;
- (2) Council provide pre-approval to spend \$0.1 million over and above the \$2.5 million capital budget previously approved for these health and safety projects prior to March 31, 2004;
- (3) the City continue to advocate to the Province for future funding allocations to be made in a manner permitting each municipality to address its unique service needs as outlined through their Service Plan: and
- (4) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Background:

The Multilateral Framework on Early Learning and Child Care between the federal, provincial and territorial governments was signed in the spring of 2003 and provides for \$900 million investment in regulated early learning and child care programs for children under six over the next five years. The fund allows spending on a wide range of child care services including support for capital and operating expenses, fee subsidies, wage enhancements, training, professional development, quality assurance and parent information and referral.

Until 1994, the provincial government provided funds through a minor capital program for health and safety projects including playground repair and retrofit. Since 1994, there has been only limited and sporadic provincial funding available. The City of Toronto assumed funding and service management responsibility for child care programs as a result of service realignment, however, no specific funding for minor capital was made available. Municipalities were permitted to request the use of unspent provincial subsidies at year-end to support health and safety requests for both not-for-profit and commercial child care programs. Since 1999, when the City assumed service system management, the City has been funding health and safety projects including playground retrofits. The City's approved plan included devoting \$1 million of City funding annually to lever matching provincial cost sharing for health and safety. Although additional provincial subsidy was never secured, the City has used a combination of its

own 100 percent money and unspent provincial subsidy to address critical health and safety needs in child care including playgrounds each year since 1999. Appendix 1 shows the funding for child care health and safety projects for the past five years.

The Department administers an application process each year to determine which child care programs will receive health and safety funding. Applications are considered on merit within the level of funding available. Funding has been used to support both not-for-profit and commercial child care programs with a service contract with the City.

While the Children's Services 2003 approved capital budget allocated \$2.5 million for child care health and safety issues, only \$0.5 million was spent due to the lack of provincial cost-sharing. The unspent portion of \$2.0 million was carried forward into the 2004 capital budget request in addition to \$0.5 million gross and \$1.0 million net for this purpose.

Comments:

The Department has been advised of the City's allocation under the first year of the Multilateral Framework on Early Learning and Child Care. The City will receive \$ 2.1 million and must distribute the funds by March 31, 2004, to support health and safety projects in not-for-profit child-care. Due to insufficient provincial subsidy in 2003, the City was restricted to only the municipal share of the funds budgeted to address health and safety issues in child-care. As a result, most of the funding requests received by the Department were unable to be funded in 2003. The Multilateral Framework funding will permit the Department to address many of the unfunded 2003 health and safety applications and permit the Department to consider additional applications from child care programs. All applications will be considered within the constraints of the funding available.

The funding announced as part of the Multilateral Framework on Early Learning and Child Care will support many needed health and safety projects in child care but does not address the systemic under-funding of the child care system. Since 1999, provincial funding of child-care has been reduced by \$13.3 million resulting in a loss of 1,776 subsidized child-care spaces. In addition, insufficient provincial subsidy has prevented the full implementation of the City strategy to pay operators the actual costs of providing subsidized child care spaces. Increases in per diem rates have barely met the cost of inflation. The resulting chronic under-funding has put the child care system under severe strain. Through its Child Care Campaign, the City has asked the Province to make funding available from both the Early Childhood Development Initiative and the Multilateral Framework to permit the City to restore child care service levels and pay actual costs of operation.

In addition to not addressing the under-funding of the child care system, provincial funding requirements under the Framework calls for differing treatment of not-for-profit and commercial child care operators. This requirement does not allow to City to address urgent needs of both not-for-profit and commercial child care programs. Historically, the City's funding has ensured that all child care programs are able to meet the requirements of the Day Nurseries Act, City's Operating Criteria, Public Health and Fire requirements. In the absence of meeting the actual costs of providing subsidized child care spaces, the targeting of the new funding under the Multilateral Framework will result in inequitable access to support for health and safety funding.

Conclusion:

This report describes the funding received from the Province of Ontario under the Multilateral Framework on Early Learning and Child Care and seeks authority to receive and distribute the City's share of the funding to support health and safety projects in child care. In addition, the report discusses the current under-funding of the child care system and recommends that the City continue to advocate for funding to restore service levels and meet actual costs.

Contact:

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Attachments - Appendix 1: History of Funding child care playgrounds

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 Appendix 1
 History of Funding Child Care Playgrounds

| Year | Funded Sites | Playground | Health and Safety | Total \$ (million) | City Funded \$ (million) | Cost - Shared \$ (million) | Non-Funded Request \$ (million) | Non-Funded Sites |
|-------|--------------|------------|-------------------|--------------------|--------------------------|----------------------------|---------------------------------|------------------|
| 1999 | 184 | 153 | 42 | 3.6 | 1.1 | 2.5 | 2.9 | 79 |
| 2000 | 207 | 207 | 0 | 5.7 | 1.9 | 3.8 | .8 | 75 |
| 2001 | 145 | 93 | 73 | 3.1 | 2.2 | .9 | 3.5 | 75 |
| 2002 | 24 | 10 | 15 | .5 | .5 | 0 | 3.6 | 214 |
| 2003 | 30 | 13 | 20 | .5 | .5 | 0 | 2.2 | 108 |
| Total | 590 | 476* | 150 | 13.4 | 6.2 | 7.2 | 13 | 551 |

* 410 unique sites were funded; 66 received playground funding over more than one year.