

Consolidated Clause in Policy and Finance Committee Report 9, which was considered by City Council on November 30, December 1 and 2, 2004.

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**Proposed Implementation of the Multilateral Framework
on Early Learning and Child Care as a Strategy to
Maintain and Stabilize the Child Care System**

City Council on November 30, December 1 and 2, 2004, adopted this Clause without amendment.

The Policy and Finance Committee recommends that City Council:

- (1) adopt the recommendation of the Community Services Committee in the communication (November 10, 2004) from the Committee; and
- (2) adopt the following recommendations in the Recommendations Section of the communication (November 22, 2004) from Councillor Olivia Chow and Councillor Janet Davis, amended to read as follows:

“It is recommended that:

- (1) City Council endorse the following six-point action plan for building a national Early Learning and Care program, as endorsed by the Children’s Working Group of the Children, Youth and Education Roundtable:
 - (i) Moving from the current user pay and subsidy system to publicly funded programs, as in Quebec and other OECD countries;
 - (ii) Introducing standards that guarantee quality, universally accessible, developmental, inclusive programming Like the Canada Health Act, the principles of child care needs to be enshrined in legislation;
 - (iii) Maintaining existing federal commitments (Canada Social Transfer, Early Childhood Development Initiative and Multilateral Framework Agreement funding);
 - (iv) Dedicating a separate adequate designated funding stream for a new, long-term federal transfer to provinces and territories;
 - (v) Agreeing that all expansion takes place through public and/or not for profit delivery. Existing for-profit programs may be grand-parented; and

- (vi) **Including provincial and territorial accountability, tied to five-year plans that include goals and objectives, timelines and targets, review and evaluation as they build new ELCC systems;**
- (2) **the Mayor take this action plan forward on an urgent basis to the federal and provincial ministers in order to have an impact on the current federal/provincial negotiations on the Early Childhood Education and Care national program;**
- (3) **the Mayor and Council of Toronto work co-operatively with other mayors and other levels of government to ensure any agreement and implementation of a universal child care program includes the six point action plan; and**
- (4) **that Children's Services send a communication to all children's services organizations inviting them and their families to endorse the action plan.**

The Policy and Finance Committee submits the following communication (November 10, 2004) from the Community Services Committee:

Recommendation:

The Community Services Committee recommended to the Policy and Finance Committee that City Council adopt the staff recommendations in the Recommendations Section of the report (October 20, 2004) from the Commissioner of Community and Neighbourhood Services.

Action taken by the Committee:

The Community Services Committee:

- (a) requested the Commissioner of Community and Neighbourhood Services to include in the 2005 budget submission for the Children's Services Division an additional 1,000 child care spaces using the same funding commitment as was used in 2004; and that the Commissioner report in June 2005, on the status of these spaces; and
- (b) requested the Commissioner of Community and Neighbourhood Services to report to the Community Services Committee during the 2005 budget process on:
 - (i) the funding and strategy needed to restore the fiscal balance between the Province and the City of its 80/20 ratio and all child care spaces eliminated in the past as a result of the provincial government's unwillingness to pay full cost (including inflation) of child care operation; and
 - (ii) the funding and strategy needed to begin phase 1 of a child care system based on the promised "under \$10.00 a day" universal publicly funded program, instead of the current fee subsidy program.

Background:

The Community Services Committee on November 10, 2004, considered a report (October 20, 2004) from the Commissioner of Community and Neighbourhood Services outlining the City's 2004 allocation under the Multilateral Framework on Early Learning and Child Care.

Recommendations:

It is recommended that:

- (1) the City of Toronto Service Plan for Funding under the Multilateral Framework on Early Learning and Child Care, attached as Appendix 2, be approved and forwarded to the Ministry of Children and Youth Services;
- (2) authority be granted to receive an additional \$0.243 million from the Province of Ontario to support operating minor capital improvements among licensed non-profit child care programs;
- (3) Council approve an additional expenditure of \$0.243 million fully funded by Provincial grants, over and above the \$5.0 million included in the 2004 Approved Capital Budget;
- (4) retroactive to January 1, 2004, base funding rate adjustments be made to eligible child care operators, family resource programs and 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) effective January 1, 2005, rates for programs under service contract, as listed in Recommendation (4), be adjusted to reflect the approved 2004 rates as determined in accordance with City budget guidelines and in a manner that maximizes the available provincial subsidy;
- (6) the City continue to advocate to the Province for future funding allocations to address the ongoing inflationary costs;
- (7) the Community and Neighbourhood Services Department report early in 2005 on the proposed City of Toronto Child Care Service Plan; and
- (8) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

The Community Services Committee also considered the following:

- (October 28, 2004) copy of an open letter to Federal Minister Ken Dryden and Provincial/Territorial Social Development Ministers from Charles Coffey and Margaret Norrie McCain on the Federal Government's election promise to create a Canada-wide system of early learning and child care;
- (October 21, 2004) Notes for a presentation by Nicole Boily, headed "Childcare and early learning: The Quebec experience"; and
- (November 9, 2004) Briefing Note submitted by staff of the Community and Neighbourhood Services Department outlining the results of the discussion on early learning and child care at the meeting of the federal-provincial-territorial ministers responsible for social services on November 2, 2004, in Ottawa.

The following persons appeared before the Community Services Committee:

- Dr. Charles Pascal, Atkinson Foundation, and submitted a copy of "The Atkinson Letter" dated October 2004 on "Early Years Into Action: Toronto First Duty";
- Jane Mercer, Toronto Coalition for Better Child Care; and
- Jim Tsatsos, Chair, Child Care Advisory Committee, and submitted a copy of his brief.

(Report dated October 20, 2004, addressed to the
Community Services Committee from the
Commissioner of Community and Neighbourhood Services)

Purpose:

This report outlines the City's 2004 allocation under the Multilateral Framework on Early Learning and Child Care and recommends a spending strategy for child care funds to stabilize and maintain the child care system.

Financial Implications and Impact Statement:

The Province of Ontario has confirmed that the City of Toronto will receive \$11.231 million in 2004 as part of the 2004/2005 allocation under the Multilateral Agreement on Early Learning and Child Care. Funding for 2005/2006 has been confirmed at \$16.8 million.

From the 2004/2005 allocation, \$6.988 million is targeted to support operating cost and \$4.243 million is one time minor capital funding to be used to support health and safety projects and minor capital expansion in not-for-profit child care for the period ending March 31, 2005. The 2004 Children's Services approved Capital Budget assumed Provincial funding of only \$4.0 million for this purpose, therefore, Council approval is required to adjust the expenditure and Provincial revenue of this project by an additional \$0.243 million.

The 2005/2006 funding allocation of \$16.8 million for operational requirements will be included in the 2005 Operating Budget request and will be used to protect the existing service level and reduce the financial pressure on the City by increasing the proportion of fully cost-shared spaces.

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

Recommendations:

It is recommended that:

- (1) the City of Toronto Service Plan for Funding under the Multilateral Framework on Early Learning and Child Care, attached as Appendix 2, be approved and forwarded to the Ministry of Children and Youth Services;
- (2) authority be granted to receive an additional \$0.243 million from the Province of Ontario to support operating minor capital improvements among licensed non-profit child care programs;
- (3) Council approve an additional expenditure of \$0.243 million fully funded by Provincial grants, over and above the \$5.0 million included in the 2004 Approved Capital Budget;
- (4) retroactive to January 1, 2004, base funding rate adjustments be made to eligible child care operators, family resource programs and 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) effective January 1, 2005, rates for programs under service contract, as listed in Recommendation (4), be adjusted to reflect the approved 2004 rates as determined in accordance with City budget guidelines and in a manner that maximizes the available provincial subsidy;
- (6) the City continues to advocate to the Province for future funding allocations to address the ongoing inflationary costs;
- (7) the Community and Neighbourhood Services Department report early in 2005 on the proposed City of Toronto Child Care Service Plan; and
- (8) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Background:

At its meeting of April 19, 20, 21, 22, 23, 26, 27 and 28, 2004, Council directed that the Department report on a funding strategy to stabilize the child care system and report back on the City's allocation under the Multilateral Framework on Early Learning and Child Care. In a report considered by Council on July 20, 21, and 22, 2004, the Department provided preliminary information concerning the City's allocation of funding under the Multilateral Framework.

In July 2004, the Province announced that \$58.2 million would be made available to municipalities in 2004/2005 under the Multilateral Framework on Early Learning and Child Care to stabilize the regulated child care system and increase the level of child care services.

The funding includes \$20.0 million to stabilize and expand the regulated child care system for children under age 6, \$18.8 million to improve access for preschool age children in child care programs located in the broader school community and \$19.4 million to support operating minor capital improvements among licensed non-profit child care operators serving children under six. It is expected that the funding will allow for the creation of 4,000 new child care subsidy spaces in the Province. Existing 80/20 cost-sharing arrangements apply to the funding.

At its meeting of April 19, 20, 21, 22, 23, 26, 27 and 28, 2004, Council considered Report 3 of The Policy and Finance Committee which outlined the possible elimination of up to 1,300 Child Care Subsidy Spaces in 2004 in the event that additional provincial funding was not secured through the Multilateral Framework. The Department later reported to Council at its meeting of July 20, 21 and 22, 2004, on initial information concerning the City's allocation and confirmed that funding was sufficient to prevent service level loss in 2004.

The Province has directed that Municipalities must submit Early Learning and Child Care Service Plans indicating how funding allocated under the Multilateral Framework will be used and has prescribed that funds be used in accordance with provincial requirements specific to the implementation of the Multilateral Framework. The requirement to file a service plan for the use of the Multilateral Funding comes as the Department is developing the next five-year Service Plan for Child Care. As approved by Council in its meeting of June 22, 23 and 24, 2003, the Department has been engaged in the development of a five-year Service Plan for Child Care in accordance with the Ontario Child Care Service Management Guidelines and is expected to report to Council on the proposed Service Plan early in 2005.

Through the budget process, the Department has reported on the inadequacy of funding levels to service providers under contract to provide licensed group and home child care, family resource programs and special needs resourcing services. As a result of inadequate funding from the Province the City has been unable to pay operators actual costs of providing service. Through the adoption of the 1999 and 2001 Action Plans of the Children and Youth Action Committee, Council directed that the City adopt a phased return to actual costs. Payments towards actual costs have been made each year since 1999 and although some progress has been made each year, increases have barely kept pace with inflation.

Comments:

Impact of Funding on Child Care Subsidy Spaces:

The City will receive \$11.231 million for the period of August 1, 2004 to December 31, 2004. The funding is allocated as follows: \$6.988 million as program funding, \$2.184 million as minor capital funding for health and safety and \$2.059 million as minor capital specifically targeted at supporting programs serving preschool children within the broader school community. The Province has directed that the Multilateral Funding is to be used to expand and increase child care services. Specifically, the funding is expected to achieve the creation of 4,000 additional full day equivalent child care subsidy spaces. Toronto is expected to contribute 1,153 of the additional child care spaces. Prior to the announcement of this funding, the City was facing the possible loss of up to 1,300 of the 22,745 budgeted child care subsidy spaces due to inadequate provincial funding. The additional funding will not allow the City to realize any expansion related to the Multilateral Funding in 2004 but will prevent the elimination of 1,300 child care

spaces, accommodate reduction in the Support to Employment (STEP) funding and reduce pressure on City's tax base through reduction in 100 per cent funded spaces.

Although child care subsidy is cost-shared at 80/20 between the Province and the City, historical provincial shortfalls resulted in only 20,650 of the current child care subsidy spaces being adequately cost-shared. The remaining subsidy spaces have been funded through reserve funds and 100 percent City funded spaces. In addition, 311 of the 22,650 properly cost-shared spaces have been supported through STEP and Learning, Earning and Parenting (LEAP). Because these programs are dependent on client eligibility, STEP and LEAP levels vary each year and are not therefore included in the base cost-shared service level as of March 2004. With the additional funding under the Early Learning and Child Care the City is expected to add 1,153 fee subsidy spaces to the current cost-shared child care subsidy spaces. Therefore, the City will have 21,492 child care subsidy spaces fully cost-shared in the current year under the provisions of the Day Nurseries Act by March 2005. The remainder of the City's 22,745 budgeted child care spaces continue to be funded from reserve funds, STEP and LEAP programs, and 100 percent City funded spaces. Appendix 1 demonstrates the impact of the additional funding on child care subsidy spaces.

Increased Rates to Service Providers:

The child care system has been greatly affected by years of inadequate funding. In spite of significant municipal investment over the past decade and a phased plan to return to actual costs actual increases to service providers have barely kept pace with inflation. Currently there is more than a \$7.0 million gap between the rates paid to service providers on behalf of subsidized clients and the operators' actual cost of operation. In addition to creating financial instability for many child care operators, the failure to pay actual costs results in reduced access to care for subsidy families as many operators prefer to admit full fee parents who pay higher fees. As documented in the 2003 Children's Report Card, the effect of inadequate rates has resulted in poorer working conditions for early childhood educators and reduced levels of full time trained ECE staff.

The Children's Services 2004 budget, as approved by Council, provides sufficient funds to make the next payment in the phased plan to return to actual costs. Full year implementation of the Multilateral Framework provides sufficient funds to pay operators their 2004 approved rates effective January 2005, in addition to stabilizing service levels.

Minor Operating Capital:

The funding allocated for minor capital projects under the Multilateral Framework will support health and safety projects and service expansion. The Department has initiated an application process to identify both health and safety and expansion projects eligible for funding. As a result of provincial guidelines, operating minor capital is limited to a maximum of \$100,000 per licensed child care program. Funding is not sufficient to build child care centres but is intended to add new space, upgrade playgrounds and address health and safety concerns. It is expected that over 200 licensed spaces will be created as a result of this funding and over 50 child care programs will be funded for health and safety and playground retrofits.

The City of Toronto Service Plan for Funding Under the Multilateral Framework on Early Learning and Child Care:

Municipalities were required to submit to the Province, Early Learning and Child Care Service Plans by September 15, 2004, detailing the use of funding from the Multilateral Framework. Because the timing of the announcement prevented the Department from seeking Council approval prior to the submission deadline, the Department has filed a draft plan pending Council approval. As noted earlier, in addition to developing the Early Learning and Child Care Service Plan the Department was already underway with the development of the next five-year Service Plan for Child Care. Consultations with parents, service providers, and child care experts are currently underway in addition to specific focus group discussions and surveys to service providers. The Department expects to report to Council early in 2005 with the full five-year Service Plan for Child Care. Initial results of the planning process have informed the draft City of Toronto Service Plan for Funding Under the Multilateral Framework on Early Learning and Child Care (attached as Appendix 2). The plan describes the funding the City will receive, outlines the current service levels, service gaps and proposes that Early Learning and Child Care funding be used to deliver 21,492 cost-shared fee subsidy spaces, pay operators at the 2004 approved level and allocate capital funding in accordance with Ministry objectives.

Future Allocations under the Multilateral Framework:

Although a full year of funding from the Multilateral Framework is sufficient for the City to achieve the goals of expanding and stabilizing the child care system, future funding allocations must recognize the impact of ongoing inflationary pressures to avoid destabilizing the system. In addition, future funding must address the needs to support the entire system of services. Over the next two years, as provincial funding increases to the level where cost-sharing is fully restored to the legislated 80/20 ratio, targeting funding to 0-6 year olds will prevent the City from addressing the needs of school age service providers and family resource centres.

Conclusions:

This report provides detail concerning the City's allocation under the Multilateral Framework. It proposes a strategy to stabilize and maintain the child care system and seeks approval for the City of Toronto Service Plan for Funding Under the Multilateral Framework on Early Learning and Child Care. Funding under the Multilateral Framework will allow the City to pay service providers their approved 2004 rates and maintain the child care subsidy service level.

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List of Attachments:

Appendix 1 - Child Care Subsidy Spaces

Appendix 2 - City of Toronto Service Plan for Funding Under the Multilateral Framework on Early Learning and Child Care

(A copy of the Appendix 1, headed "Child Care Subsidy Spaces" was forwarded to all Members of Council with the agenda of the Community Services Committee for its meeting on November 10, 2004, and a copy is on file in the office of the City Clerk, City Hall.)

Appendix 2
Service Plan for Funding Under The Multilateral Framework
On Early Learning and Child Care
DRAFT

City of Toronto
October 20, 2004

City of Toronto Service Plan
for Implementation of New Funding from the
Multilateral Framework on Early Learning and Child Care (FPT Framework)

Executive Summary:

This Service Plan deals specifically with the allocation of new funding from the FPT framework. The known funding provides \$11.2 million for the fiscal 2004/05 while the annualized value is \$16.8 million. The development of this plan has been guided by the principles and policies adopted by the City of Toronto during the development of the last Service Plan, adopted in 2001.

In the spring of 2004, the municipal staff has begun work on a new version of its Service Plan for Child Care intended to guide the management of the child care system from 2004 to 2008. The scope and depth of that plan will necessarily exceed that of this document which intends to meet the short deadline and much more constrained parameters of the funding associated with the FPT framework.

However, much of the content in this Service Plan is directly related to the work being undertaken in development of the more comprehensive document. The basic principles upon

which Toronto plans and delivers quality child care services in an equitable and accountable manner are equally applicable regardless the source of funding.

The “wider” Service Plan is currently undergoing a consultation process involving clients, service providers and child care experts. The messages from the consultation inform the development of this document as well. We are hearing about the need to:

- (i) provide stable funding which recognizes the actual cost of service and provides for inflation related funding increases;
- (ii) rationalize the future of family resource programs;
- (iii) review and, if needed, redefine the equity of access policy for individual age groups;
- (iv) continue the experimentation with new models of service such as First Duty programs, but not at the expense of existing services; and
- (v) address the issues related to the provision of Home Child Care.

While this document will be tabled with the City Council in November 2004, the more comprehensive Service Plan document will be going forward for Council and the ministry approvals early in 2005.

Financial Parameters:

The provincial funding announcement and subsequent communications from the Toronto Region office of the Ministry of Community and Social Services provide funding for the period beginning August 1, 2004 to March 31, 2005, and base funding for 2005/06 as follows:

Table 1 - Provincial Funding Announcement

	Fiscal 2004/05	Annualized Base 2005/06
Program	\$10,517,400	\$15,765,200
Administration	\$ 441,800	\$ 1,008,700
Minor Capital – General	\$ 2,184,400	
Minor Capital – ELCC	\$ 2,059,000	
Total	\$15,202,600	\$16,773,900

Table 2 – City’s Plan for Provincial Funding Converted to Calendar Years

	<u>2004</u>	<u>2005</u>
Program	\$6,987,600	\$15,767,900
Administration		\$1,008,700
Minor Capital – General ¹	\$2,184,400	
Minor Capital – ELCC ¹	\$2,059,000	
Total	\$11,231,000	\$16,776,600

Note: 1. Funds for Minor Capital expenditures must be spent by March 31, 2005

Although no commitments were presented at this time to further expand funding based on the third year of FPT framework, for planning purposes the City expects to receive additional \$7 million for program delivery and \$.4 million for administration for the period beginning April 1, 2005 to December 31, 2005.

Program Parameters:

The condition associated with the provision of FTP framework funding require the provision of additional 1,153 subsidies by March 31, 2004, the end of the provincial 2004/05 fiscal year. The subsidies must be allocated to children in the infant, toddler and pre-school age groups. Assuming that this goal is reached, funding can be also allocated to stabilizing the service system (e.g. contribution toward payment of actual cost of service). In order to support these goals, capital funding of up to \$100,000.00 per instance is available for health and safety purposes as well as expansion of the supply of licensed spaces.

The inability to allocate any of this funding to the stabilization of the services to school age children and to family resource programs represents a significant challenge to the overall health of the child care system in Toronto.

Environmental Scan:

A review of the achievements of the last Service Plan presents a disappointing picture of reduced service levels, reduced quality of service and significant municipal investment above the mandated cost-sharing formula in an attempt to preserve as much of the existing system as possible. Going into the 2004 fiscal year, the City has faced the possibility of having to eliminate a further five percent of subsidized spaces. Of the budgeted service level of 22,745 only 20,650 were cost-shared with the Province of which (LEAP 53 + STEP 258 =) 311 were funded through other sources (LEAP and STEP). Thus, for the purpose of assessing the impact of the new funding under the FPT framework one should consider 20,339 as the number of subsidized spaces funded under DNA and OW as of March 31, 2004. The allocation of additional program funding of approximately \$7 million in 2004 has, in effect, prevented the elimination of over 1,300 spaces effective September 1, 2004.

The child care system in Toronto has been greatly affected by years of stagnant funding which, in face of continually rising costs, resulted in service level reductions despite significant municipal investment above the mandated cost-sharing arrangements. Currently there is a \$7.0 million gap between rates paid to service providers on behalf of subsidized clients and actual costs of operation. Consequently, operators are forced to charge higher fees to full fee

parents and many operators refuse to accommodate subsidized children if full fee paying clients are available.

The effects of frozen or decreased funding levels have not only been reflected in reduction of number of funded subsidized spaces, but also are reflected in worsening working conditions, reduction of full time, trained ECE staff and increases in number and proportion of part time, untrained staff.¹ (Full environmental context as well as analysis of impacts of the funding restraint and equity issues can be found in the Toronto report Card on Children, Volume 5; this document can be also found at <http://www.toronto.ca/children/report/repcard5/repcard5.htm>.) Toronto City Council during its consideration of Children’s Services 2004 budget committed to payments toward actual costs while preserving service levels pending additional provincial funding.

Given the current context, it is clear that the priority for new funding must be in stabilization of the existing system through recognition of actual costs of service and provision of funding required to avoid elimination of up to 1,300 subsidized spaces.

The City of Toronto purchase of service per diems are based upon annual analysis of operating budgets and subsequent review of audited financial statements of all service providers. The City also monitors and enforces quality standards defined through its Operating Criteria. The “wider” service planning process is considering means of ensuring highest possible level of quality child care in high need areas through providing additional funding for fully trained, adequately compensated ECE staff. The support for improved quality of child care must apply to all service providers and age groups. In return, the City will begin publishing the results of site inspection reports in 2005.

Description of Local Services:^{2,3}

Local Services	All programs	Programs with funding agreements
Number of licensed child care centres and number of spaces provided	820 child care centres 45,713 spaces	593 child care centres 35,995 spaces
Number of licensed FTE child care and private home child care spaces	Approximately 47,500 FTE spaces	Approximately 37,000 FTE spaces available to subsidized families
Licensed Spaces by Age Group	Infants 2,357 Toddlers 5,128 Preschool 24,598 School age 13,630	Infants 2,218 Toddlers 4,422 Preschool 18,162 School age 11,193
Number of licensed private home day care agencies and number of approved homes	22 agencies approximately 1,150 approved homes	11 agencies 839 approved homes
Number of for profit and non profit child care centres	Commercial 190 non-profit 572 municipal 58	Commercial 119 Non-profit 416 Municipal 58
Number of for-profit and non-profit private-home day care agencies	Commercial 4 non-profit 17 municipal 1	Commercial 1 Non-profit 9 Municipal 1

Local Services	All programs	Programs with funding agreements
Number of licensed before and after school programs	394 programs	343 programs available to subsidized families
Child care resource centres	62 family resource programs	10 city funded family resource + 36 unique OEY satellites (see below)
Ontario Early Years Centres	24 main sites (22 ridings + 1 French and 1 aboriginal) 115 satellites	36 unique OEY satellites receive city funding
Number of special needs resourcing programs	Not known	28 agencies receive City funding
Number of additional FDE as of March 31, 2005	299,780 FDE for fiscal 2005/06	1,153 subsidies
Number of licensed spaces created	206 infant, toddler and pre-school spaces	206 infant, toddler and pre-school spaces
Number of programs receiving Health and Safety funding	54	54

² - See the Report Card for description of associated services supporting child development in Toronto.

³ - Daily updates of service levels and other statistics can be found at <http://www.toronto.ca/children>)

Gaps in Services:

- (1) the stagnant funding of the last five years has limited the City's ability to ensure equitable access to child care programs and subsidies across Toronto (see Appendix 1). The situation has been further compounded by lack of capital funds to develop new child care spaces in the traditionally under-served areas;
- (2) changes in the subsidy eligibility criteria have resulted in reduction of service to the category of children who would benefit most from appropriate developmental programs;
- (3) current funding model makes it impractical to deliver services supporting families with non-standard hours of work although potential demand remains high; and
- (4) services for children with special needs are not equitably distributed across the City and clients often travel significant distances to access child care supports (see Appendix 2).

Service Priorities:

Service priorities will be confirmed through the longer term Service Plan and expected to:

- (1) Stabilize the existing child care system through:
 - (i) reducing/eliminating the gap between per diems paid on behalf of subsidized children and those paid by full fee parents;
 - (ii) elimination of costly vacancies in infant, toddler and pre-school programs through targeted expansion of cost-shared subsidies (new FPT framework funding in 2005); and
 - (iii) development of new models of service for children attending school full time.
- (2) Improve equity of access to child care supports for children with special needs; ensure high level of inclusion.
- (3) Complete a five-year Service Plan to lay a solid basis for future growth, including:
 - (i) rationalization of Family Resource Programs;
 - (ii) ensuring Home Child Care supports to families that require after-hours and weekend care; and
 - (iii) improving low child care worker salaries through a combination of funded per diems and wage subsidies.
- (4) Mandate improved quality of services through:
 - (i) deploying updated operating criteria; and
 - (ii) publishing results of program evaluations on the Children's Services web site.

Service Management Strategies:

Planned Allocation of ELCC Funds:

- (1) Implement an increase of 1,153 subsidized spaces to children aged 0 – 6 by March 31, 2005. This means that Toronto will have an annualized service level of 21,492 subsidies cost-shared through the DNA and OW funding envelopes.
- (2) Effective January 1, 2005, fund all non-schoolage purchase of service per diems at the approved 2004 level.
- (3) Allocate and distribute by March 31, 2005, minor capital funding in accordance with the Ministry objectives.

Other Funding Initiatives:

Although there are other areas of the child care system that need urgent funding attention, the municipality proposes to limit 2004/05 expenditures from the FPT agreement to those areas identified above, at least until such time as the larger service planning process culminates in a plan that has been fully consulted upon by the public, service providers and approved by City of Toronto Council.

Specifically, at this time the City does not intend to do any fundamental changes to the funding of Wage Subsidies beyond redistribution of a small expenditure resulting from recoveries from individual child care operators. These will be reinvested to support priority age groups and areas.

Similarly, no additional investment beyond inflation related payments is planned in the Special Needs Resourcing area for the 2004/05 cycle. The municipality and its service partners have recently embarked upon a redeployment of resources in a model that focuses on developing and supporting the capacity of all child care centres to include children who face developmental and physical challenges.

Currently, the City of Toronto has underway several capital projects intended to address the inequitable distribution of licensed child care spaces, especially for children in high need areas. The City's capital budget foresees construction of at least one new, stand alone child care centre every year between 2005 and 2008, as well as capital contribution to projects including new housing construction or rebuilding of existing schools. At this time, all of these projects are funded 100 percent by the City of Toronto.

Analysis of Financial Impact:

While the new 2004/05 funding provided through the FPT framework is sufficient to achieve the goals of expanding and stabilizing the child care subsidy system, it is important to realize the significant impact that inflation has on the number of subsidies that can be provided on an sustainable basis. For example, two percent inflation can exceed \$3 million for subsidy space related programs alone. Any competent Service Plan must make provision for increasing the base funding on annual basis in order to meet actual costs of operation.

In order to meet the goals of the ELCC initiatives, it will be necessary to provide a substantial investment in the child care system infrastructure. There is insufficient space in the schools in high need areas, and substantial capital investments will be required over a longer period of time if there is to be a substantial increase in licensed spaces. Existing capital funds can be leveraged to build capacity in under-served areas of the City.

Finally, the confining parameters of the ELCC funding will present a considerable challenge not only to the service providers, but also to the City as the system manager. Separate accounting of expenditures and enrolment by age group will present additional strain on the already under-funded program administration.

The Policy and Finance Committee submits the communication (November 22, 2004) from Councillor Olivia Chow, Chair of the Children, Youth, and Education Roundtable, and Councillor Janet Davis, Chair of the Children's Working Group:

Recommendations:

It is recommended that:

- (1) the Policy and Finance Committee endorse the following six-point action plan for building a national Early Learning and Care program, as endorsed by the Children's Working Group of the Children, Youth and Education Roundtable:
 - (i) moving from the current user pay and subsidy system to publicly funded programs, as in Quebec and other OECD countries;
 - (ii) introducing standards that guarantee quality, universally accessible, developmental, inclusive programming. Like the Canada Health Act, the principles of child care needs to be enshrined in legislation;
 - (iii) Maintaining existing federal commitments (Canada Social Transfer, Early Childhood Development Initiative and Multilateral Framework Agreement funding);
 - (iv) dedicating a separate adequate designated funding stream for a new, long-term federal transfer to provinces and territories;
 - (v) agreeing that all expansion takes place through public and/or not for profit delivery. Existing for-profit programs may be grand-parented; and
 - (vi) including provincial and territorial accountability, tied to five-year plans that include goals and objectives, timelines and targets, review and evaluation as they build new ELCC systems;
- (2) the Mayor take this action plan forward on an urgent basis to the federal and provincial ministers in order to have an impact on the current federal/provincial negotiations on the Early Childhood Education and Care national program;
- (3) the Mayor and Council of Toronto work co-operatively with other mayors and other levels of government to ensure any agreement and implementation of a universal child care program includes the six point action plan; and
- (4) that Children's Services send a communication to all children's services organizations inviting them and their families to endorse the action plan.

Background:

On November 12-14, the Child Care for a Change! conference was held in Winnipeg. The conference was a very positive step toward the development of a national child care system, and included participation from the Honorable Ken Dryden, Minister of Social Development, as well as many others.

The conference developed and endorsed a six-point action plan for moving toward a national Early Learning and Child Care system in Canada.

This is an exciting time for child care in Canada, and we must seize the opportunity to build a stronger child care system here in Toronto, and across Canada. Provincial and federal ministers responsible for child care will be meeting in January to negotiate the details of the national child care plan and how \$5 billion committed to the plan will be distributed over the next five years, beginning in the 2005 fiscal year. Timing is of the essence if we are to make the most of this opportunity, and adding Toronto City Council's voice of support will enable Toronto to play a stronger role as this new system develops.

The following motion was adopted by the Children's Working Group of the Children, Youth, and Education Roundtable at its meeting on November 22, 2004:

The Children's Working Group enthusiastically endorses the following six-point action plan:

- (i) moving from the current user pay and subsidy system to publicly funded programs, as in Quebec and other OECD countries;
- (ii) introducing standards that guarantee quality, universally accessible, developmental, inclusive programming. Like the Canada Health Act, the principles of child care needs to be enshrined in legislation;
- (iii) maintaining existing federal commitments (Canada Social Transfer, Early Childhood Development Initiative and Multilateral Framework Agreement funding);
- (iv) dedicating a separate adequate designated funding stream for a new, long-term federal transfer to provinces and territories;
- (v) agreeing that all expansion takes place through public and/or not for profit delivery. Existing for-profit programs may be grand-parented; and
- (vi) including provincial and territorial accountability, tied to five-year plans that include goals and objectives, timelines and targets, review and evaluation as they build new ELCC systems.

The Children's Working Group urges Mayor Miller to take this action plan forward on an urgent basis to the federal and provincial ministers in order to have an impact on the current federal/provincial negotiations on the Early Childhood Education and Care national program.

And further, that the Mayor and Council of Toronto work co-operatively with other mayors and other levels of government to ensure any agreement and implementation of a universal child care program includes the six point action plan.

And that Children's Services send a communication to all children's services organizations inviting them and their families to endorse the action plan.

Councillor Olivia Chow appeared before the Policy and Finance Committee in connection with the foregoing matter.