



STAFF REPORT ACTION REQUIRED

Options for Supporting Part-time Child Care

Date:	December 20, 2007
To:	Community Development and Recreation
From:	General Manager, Children's Services
Wards:	All
Reference Number:	

SUMMARY

This report looks at the feasibility and costs of implementing part-time child care options. It recommends that the Children's Services Division update child registry information to support parents in finding part-time care and that the Division allow payment premiums to recognize the additional administrative costs of offering part-time care.

RECOMMENDATIONS

It is recommended that

- (1) the Children's Services Division's web site be updated so that the information included in each child care registry identifies part-time child care options;
- (2) Children's Services recognize the additional cost of part-time care through premium rates approved based on budget guidelines.

FINANCIAL IMPACT

This report has no immediate financial impact.

DECISION HISTORY

A report to the October 9, 2007 Community Development and Recreation Committee on Part-time and After Hours Child Care examined commitments made regarding part-time and after hours child care in the current 2005-2009 Child Care Service Plan. It looks at ways in which Toronto currently supports part-time and after hours child care including initiatives the City has undertaken to encourage it. The report concluded that it was not particularly timely to consider new policies and incentives to increase the availability of part-time and after hours child care. It recommends that Children's Services hold

consultations with stakeholders, including parents, to determine the demand for part-time and after-hours child care and opportunities to provide it, as part of the service planning process for the 2010-2014 Child Care Service Plan.

See <http://www.toronto.ca/legdocs/mmis/2007/cd/bgrd/backgroundfile-7264.pdf>

Upon consideration of the report at the October 9, 2007 meeting of the Community Development and Recreation Committee meeting, the General Manager of Children's Services was asked to report to the January 2008 meeting of the Community Development and Recreation Committee on the feasibility and costs of implementing a small pilot project to model part-time care options and test various fee and cost scenarios.

<http://www.toronto.ca/legdocs/mmis/2007/cd/decisions/2007-10-09-cd09-dd.pdf>

ISSUE BACKGROUND

City staff met with members of the Child Care Advisory Committee who expressed an interest in discussing their perspective on and experiences with part-time child care. While this represented a small group of operators, they were unanimous in their opinions. They advised that if Children's Services were to do a pilot, the pre-school group would be best suited in terms of age group; the part-time care should be offered part week e.g., Monday/Wednesday / Friday, rather than part-day; and the operator should be offered a premium to recognize the additional administrative costs. Premium rates are paid only on the part-time rate and vary but average about 10% of the daily fee.

COMMENTS

As noted in the previous report on this subject, part-time child care is care which occurs for either part week or part day. Much of the part-time care currently offered is part day care where children need less than 8-10 hours of care each day. Part week care is less common because the cost of providing care for a part-time space is generally the same as a full time space. Operators set their fees by apportioning these costs by age groups and with assumptions of every space being occupied. When a child care program is experiencing vacancies the revenue is decreased and does not cover the expected expenditures. In these cases operators will try to adjust such variable costs as salaries and program expenses but in many cases this is not possible. For instance although rent, supervisory salaries, administration costs and some nutrition costs such as housekeepers are fixed regardless of the number of children served, variable costs of teaching staff and program expenses can only be reduced if vacancies result in a full ratio size reduction.

The number of teaching staff required is set by the Day Nurseries Act which defines the ratios of staff to children required for each age group. Vacancies in child care centres are usually spread across the various rooms and age groups not allowing the centre to reduce staffing. This results in the centre not being able to reduce expenditures to match reduced revenues resulting from vacancies. Because of this child care operators would need to charge significantly higher fees for each enrolled child to allow for full recovery of expenditures or in other words to pay for vacant child care spaces. This practice although common in the early 90s was discontinued as the City moved to the payment of rates

based on an assumption of optimal or 98 per cent enrolment. Under this practice the City is able to get the most efficient use of available subsidies and maximize the number of children in receipt of subsidy. When a child care centre operates at 98 per cent enrolment it will have sufficient revenue to match their expenditures and will not incur a deficit.

The chart below is based on the budget of a child care centre licensed for 62 children. It demonstrates how enrolment rates in a child care centre impact the actual cost per day and the possible lost revenue to the operator. Conversely the chart demonstrates the lost opportunity for additional child care spaces by paying higher rates based on assumptions of higher vacancies. As the enrolment level drops in column A, the loss in revenue found in column F increases. The lost number of subsidy spaces in the event that the City paid higher per diems is demonstrated in column G.

A	B	C	D	E	F	G
Enrollment Rate	Average Enrollment	Average Cost Per Day	Annual Budgeted Cost	Total Revenue if Paid at 98% Optimal Rates	Cost of Increased Vacancies	Number of Full Time Equivalent Vacancies
98%	60.76	56.70	899,169	899,169	-	1.24
97%	60.14	57.28	899,098	889,994	9,104	1.86
96%	59.52	57.88	899,150	880,819	18,331	2.48
95%	58.90	58.49	899,161	871,643	27,517	3.10
94%	58.28	59.11	899,127	862,468	36,659	3.72
93%	57.66	59.74	899,043	853,293	45,750	4.34
92%	57.04	60.39	899,053	844,118	54,935	4.96
91%	56.42	61.06	899,146	834,943	64,204	5.58
90%	55.80	61.73	899,023	825,767	73,256	6.20

This report does not suggest changing the practice of determining per diem rates based on optimal enrolment levels to support part-time care. Increasing per diem rates to pay for vacancies created by supporting part-time care would result in using subsidy funding to offset higher rates for part-time care users. As a result the number of child care subsidies provided would be reduced. As noted in the previous report more full fee families are users of part-time spaces and increasing rates to the subsidy system to offset vacancies would indirectly subsidize full fee families.

In order to support parents in their search for part-time child care and operators in their efforts to provide part-time care the report recommends taking an approach of providing a premium rate for part-time care for spaces that would otherwise be full day or full week. This recommendation is consistent with advice from Child Care Advisory Committee and provides some incentive to increase part-time child care options. Because payment of a premium rate is not expected to have a significant financial impact, it is not recommended that this option be introduced through a pilot. Further the Division will increase assistance for parents seeking part-time care by including information about part-time options on the Division's web site.

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SIGNATURE

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