

Consolidated Clause in Community Services Committee Report 6, which was considered by City Council on September 25, 26 and 27, 2006.

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Funding Required to Restore Phase II Capital Projects

City Council on September 25, 26 and 27, 2006, adopted this Clause without amendment.

The Community Services Committee recommends that:

- (1) the Mayor be requested to write to the Honourable Diane Finley, Minister of Human Resources and Social Development Canada, to request the City's share of the Child Care Spaces Initiative; and**
- (2) a copy of the City of Toronto's Child Care Services Plan 2005/2009 be sent to the Minister of Human Resources and Social Development Canada, the local Members of the Federal and Provincial Parliaments, and the Liberal Party leadership candidates.**

The Community Services Committee submits the report (August 23, 2006) from the General Manager, Children's Services.

Purpose:

This report outlines funding required to restore Phase II Best Start capital projects, and other related information.

Financial Implications and Impact Statement :

This report has no direct financial implications.

Recommendation:

It is recommended that this report be received for information.

Background :

At its meeting of July 5, 2006, the Community Services Committee requested the General Manager, Children's Services, to report back to the September 11, 2006, meeting of the Community Services Committee on funding required to restore Phase II Best Start capital projects, how funding could be structured with potential cost-sharing, implementation scenarios

involving the federal, provincial and municipal governments, and options for the utilization of the new federal incentive for child care capital expenditures.

Council approved the Best Start Service and Transition and Infrastructure Plan at its meeting of October 26, 27, 28, and 31, 2005. Under this plan, the City would have received the following:

Calendar Year	<u>2005</u> (\$000's)	2006 (\$000's)	2007 (\$000's)	2008 (\$000's)
Operating	25,404.4	56,867.6	76,035.0	114,470.0
Capital	20,512.5	22,912.5	35,125.0	10,530.0
Total	45,916.9	79,780.1	111,160.0	125,000.0

At its meeting of July 25, 26, and 27, 2006, Council amended Children's Services 2006 Approved Operating Budget to reflect Best Start funding of \$20.608 million. The amounts for the following three years 2007/08, 2008/09 and 2009/10 will be \$27.478 million.

Comments:

Funding Required to Restore Phase II Best Start Capital Projects:

The plan identified 57 proposed Best Start Phase II capital projects intended to provide 3,621 additional child care spaces at a capital cost of \$106.58 million. Best Start funding currently received by the City is allocated to support child care fees subsidy, special needs resourcing, program management, administration and planning and wage improvement. Because the current Best Start funding is not sufficient to fund additional capital, the City would need \$106.58 million to restore Best Start Phase II capital projects.

Options for the Utilization of the new Federal Incentive for Child Care Capital Expenditures:

Under the Child Care Spaces Initiative, the Federal government commits to creating up to 25,000 new child care spaces each year, beginning in 2007. The City's share of the child care spaces is estimated at 8 to 10 percent or 2,000 to 2,500 spaces per year. It is assumed that 6,000 to 7,500 new spaces might be created in a three-year period. For the purposes of this report, it is assumed that all of the new spaces will be subsidized and operating costs are estimated at \$10,000 per space per year. Therefore, the estimated operating costs will grow by \$20 - \$25 million each year to a total of \$60 - \$75 million by the end of 2009/2010. It is important to note that in addition to the operating costs of the new spaces, the City needs an additional \$55 million for operating cost by the end of 2009/2010 to maintain the current service level.

The City would prefer capital funding be provided at 100 per cent of the costs and if not transferred through the province, that these funds be directed to municipalities. This might be achieved through direct agreements, infrastructure agreements or partnership agreements with community agencies.

How Operating Funding Could be Structured with Potential Cost Sharing:

Best Start is 100 per cent funded by the provincial government via flow-through of ELCC funds from the Federal government with no City contribution. Other child care is funded with the provincial government on an 80/20 split with the municipality paying 20 per cent.

Funding for the new spaces could be structured either by 100 per cent from the provincial government, or cost sharing between the provincial government and the City. An 80/20 cost sharing arrangement on the estimated operating costs would result in additional City expenditures of \$12 - \$15 million and a requirement for an additional \$48 - \$60 million from the province. These figures do not account for the impact of inflation or the base operating pressure of \$55 million.

Conclusions:

This report provides information on the funding required to restore Best Start capital projects and offers options on possible cost sharing arrangements.

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The Community Services Committee also submits the communication (September 8, 2006) from the Children's Services Advisory Committee.

Recommendation:

The Children's Services Advisory Committee on September 8, 2006, requested the Chair to forward the following suggestion to the Community Services Committee to recommend to City Council that the Mayor be requested to write to Minister Finley, Human Resources and Social Development Canada, to request the City's share of the Child Care Spaces Initiative; and further that a copy of the City of Toronto's Child Care Services Plan 2005/2009 be sent to Minister Finley, local Members of Parliament, and the Liberal Party leadership candidates.

Background:

At its meeting on September 8, 2006, the Children's Services Advisory Committee heard a presentation by Brenda Patterson, General Manager, Children's Services, updating the Advisory Committee on the Best Start Program, including Federal and Provincial Activities.

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Councillor Moscoe declared an interest in this Clause, in that his daughter is a part-time childcare worker employed by the City of Toronto.