

Consolidated Clause in Community Services Committee Report 4, which was considered by City Council on June 27, 28 and 29, 2006.

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**Update on Best Start Funding and
Principles for a Revised Service Plan**

City Council on June 27, 28 and 29, 2006, adopted this Clause without amendment.

The Community Services Committee recommends that City Council adopt the staff recommendations in the Recommendations Section of the report (May 24, 2006) from the General Manager, Children’s Services, subject to amending the first principle in Appendix “A” to read as follows:

“Wage improvement funds should be used to attract and retain Early Childhood Educators and untrained staff and support the establishment of wage scales for program staff.”

Purpose:

This report provides an update on provincial funding commitments for Best Start for 2006 and seeks approval of the principles for a revised Child Care Service Plan.

Financial Implications and Impact Statement:

This report has no direct financial implications.

Recommendations:

It is recommended that:

- (1) the principles for a revised Service Plan contained in Appendix A be approved; and
- (2) the General Manager, Children’s Services, use the approved principles to develop an updated Child Care Service Plan which reflects provincial funding allocations and report back to the July 2006 Community Services Committee; and
- (3) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Background:

Best Start is a ten-year plan to strengthen healthy development through the provision of early learning and child care services for children and their families. Ontario intended to fund Best Start with funds from the federal government and signed a five year bi-lateral agreement with the previous federal government for Early Learning and Child Care (ELCC). Under this agreement Toronto's share of Best Start funds would have grown to \$125 million annually. The new federal government has provided notice of termination of the 2005 ELCC agreements effective March 2007, and will flow the second year funding to the provinces as the final payment under the agreement. By adding these funds to the 2003 Multilateral Funding Agreement on ELCC funds, the province intends to support the 14,000 new licensed child care spaces created since April 2005, and to fund the remaining four years from 2006/2007 through 2009/2010.

The City's 2005-2009 Child Care Service Plan adopted by City Council at its meeting of May 17 and 18, 2005, and was later amended to incorporate Best Start funding through the Best Start Child Care Service and Transition Plan and the Best Start Transition Infrastructure Plan. The Best Start Service and Transition Plan, approved by Council at its meeting of October 26, 27, 28 and 31, 2005, provided directions for increasing fee subsidies, special needs resourcing funds, supporting program administration and recommended that the allocation of new wage subsidies be deferred until provincial guidelines were issued. It further directed that strategies for wage subsidy and wage improvement fund allocations be developed in accordance with previously established principles and wherever feasible, preference be given to funding operator's costs through per diems.

At its meeting of April 25, 26, and 27, 2006, Council adopted Guiding Principles for a Best Start Funding Framework and directed that the General Manager report back on the future provincial funding commitments for child care and the impact on the City's Child Care Service Plan.

Comments:

The province has advised the City that Toronto's allocation of Best Start Funding for the provincial year 2006/2007 is \$27.5 million. Funding is expected to secure and sustain the newly created spaces under Best Start by funding fee subsidy, wage subsidy, special needs resourcing and administration. The City's Best Start funding is allocated as follows: \$25,121,798.00 for program funding, \$2,063,387.00 to Wage Improvement and the remaining \$292,527.00 for Best Start planning. The City is expected to file an update to the Child Care Service Plan that reflects the reduced funding allocation.

Impact on the City's Child Care Service Plan:

The City's original Best Start plan called for the creation of 5,855 new child care fee subsidies, doubling funding for special needs resourcing to \$15.0 million, \$5.4 million to fund annual increases to child care programs to reflect inflation, wage improvement funding of \$14.7 million and start up funding of up to \$9.8 million.

As a result of the reduced Best Start funding, the City will complete Phase 1 Best Start capital projects but only a small number of high priority projects in Phase 2. In order to meet the annual operating requirements, the City will need to augment the new funding allocation with unspent funds from the first year of Best Start. The General Manager will report to the July 2006, Community Services Committee on the details of the revised Child Care Service Plan. However it is expected that the plan will call for:

- (i) maintenance of the 2,000 new fee subsidy spaces already in place;
- (ii) planned funding increases to special needs resourcing limited to \$2.5 million;
- (iii) funding to support annual inflation based adjustments estimated at \$5.0 million for 2006;
- (iv) payment of \$2.1 million in wage improvement funds; and
- (v) funding of program administration.

The Guiding Principles for a Best Start Framework adopted by Council include:

- (i) all programs must be funded sufficiently to provide good quality child care;
- (ii) all staff will be paid fair wages on established wage scales that recognize training and experience; and
- (iii) if users must contribute toward the cost of care, the fees will be assessed on the basis of income rather than the actual cost of care or a market price.

Further consultation on the method for allocating Wage Improvement funding is expected to occur to inform the final Child Care Service Plan.

Conclusions:

This report provides information on the City's allocation under Best Start reduced as a result of the cancellation of the federal provincial agreements for Early Learning and Child Care. The report recommends a set of principles for Council approval to guide the revised Child Care Service Plan and directs that the General Manager of Children's Services report back on the updated City's 2005-2009 Child Care Service Plan.

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List of Attachments:

Appendix A – Principles for a Revised Service Plan

Appendix A

Principles for a Revised Service Plan

The Allocation of Wage Improvement Funding should reflect the following principles:

- (i) Wage Improvement funds should be used to achieve minimum hourly wage levels for ECE and untrained staff.
- (ii) Implementation must respect organizational pay scales, collective agreements and pay equity plans.
- (iii) The City must ensure that Wage Improvement funds are used to improve wages of program staff.
- (iv) Funding should not be used to offset parental contribution in programs with unusually low full fee rates.
- (v) Wage Improvement funding shall not be used to address wage inequities internal to individual service providers where there are excessively large gaps between minimum and maximum hourly wages within each group of employees.
- (vi) Wage Improvement funding shall not replace mandated pay equity increases or other regular wage increases.
- (vii) Wage Improvement funding will only go to programs with purchase of service contracts, non-profit and commercial.

Principles for Determination of Annual Inflation Based Adjustments:

- (i) Funding of actual operating costs is essential to delivery of quality child care programs.
- (ii) Programs should know as early as possible the amount of funding available and funding should be distributed within the current year.
- (iii) Increases should be based upon actual costs, not a flat rate adjustment.
- (iv) Increases must support regular operating cost increases as outlined in Purchase of Service Budget Guidelines.

The following persons addressed the Community Services Committee:

- Jane Mercer, Toronto Coalition for Better Child Care; and
- Anne Farrell, First Stage Child Care Centre.