

A Comprehensive Summary of Child Care Issues, and A Proposed Plan and Timetable for Action

(City Council on November 23, 24 and 25, 1999, adopted this Clause, without amendment.)

The Community Services Committee recommends:

- (1) the adoption of the report dated October 19, 1999, from the Commissioner of Community and Neighbourhood Services; and further that, upon adoption by City Council, the clause be forwarded to the Budget Advisory Committee for consideration of the funding aspects during the 2000 Operating Budget process;**
- (2) that the Province of Ontario be requested to allow the use of any underexpenditure in the 1999 fee subsidy to finance minor capital costs related to health and safety issues in child care, and similarly in future years any unused child care funds continue to be directed for this purpose;**
- (3) that staff from the appropriate departments be requested to include in their 2000 Operating Budget a plan to continue the York Before and After School Program on a pilot basis with a view to establishing a City-wide program of phase-in thereafter.**

The Community Services Committee reports, for the information of Council, having requested the Commissioner of Community and Neighbourhood Services to report to the Community Services Committee on:

- (i) the discrepancy in the amount of \$2,180.00 for the 218 sessional days at a cost of approximately \$10.00 per day per child versus the \$3.5 million annualized cost of the York Before and After School Program, referred to in the report dated November 1, 1999, from the Commissioner of Community and Neighbourhood Services;
- (ii) the feasibility of raising the family contribution from \$5.00 per month to increase cost-recovery;
- (iii) the feasibility of including in proposed Capital Works projects child care facilities displaced as a result of school closings;
- (iv) the issue of successor rights for CUPE Local 4400 staff members employed at the York Before and After School Program; and
- (v) whether the playground retrofit programs will qualify under the Playground Joint Venture Reconstruction Program in the York district.

The Community Services Committee submits the following report (October 19, 1999) from the Commissioner of Community and Neighbourhood Services:

Purpose:

This report provides a comprehensive overview of the financial and service pressures facing the child care system in Toronto as well as a synopsis of a proposed plan and timetable for addressing the related objectives outlined in the Toronto's Children's Charter, the benchmarks proposed in the Annual Report of the Children and Youth Advocate, and the improvement objectives contained in Toronto's Report Card for Children, 1999. A more detailed discussion of the pressures and plans is appended for reference as a background document.

Funding Sources, Financial Implications and Impact Statement:

The costs associated with year 2000 of the multi-year plan and timetable proposed in this report will be considered as part of the upcoming budget review process.

Recommendations:

It is recommended that:

- (1) the 2000 budget request from the Children's Services Division include a discussion and explanation of the financial pressures faced by the child care system, as well as potential sources of funding relief and that the Division's five-year business plan reflect the proposed timetable for addressing the pressures outlined in this report;
- (2) approval be given for the Children's Services Division to initiate a neighbourhood based service planning process, consistent with the principles and objectives outlined in the background paper entitled "Pressures and Plans in Child Care" and attached to this report, and that this service planning process conform to the new provincial standards and guidelines governing child care service planning;
- (3) as a preliminary step towards the creation of a truly integrated system of early childhood education and development within the City, the child care service planning process take into account the current and planned service assets for children provided by other City Departments and program areas, the Boards of Education and other community service providers when negotiating with neighbourhoods how best to meet local childcare needs and address local gaps and overlaps in service; and
- (4) the appropriate City officials take the necessary action to give effect thereto.

Council Reference/Background/History:

Over the last six months, Council has requested a wide variety of reports on a number of the key pressures facing child care in particular and the rest of the early childhood education and development system in general. A number of these reports have already been individually provided. To fully and fairly consider all the service and financial pressures confronting child care and to appreciate their interactive impact, a more comprehensive discussion of the issues is required. Such a discussion is included as a background document to this report and will provide

the context in which strategic decisions affecting the future of child care can be made. The October 7, 1999, request by the Community Services Committee for a comprehensive report covering the full range of child care pressures is therefore both timely and welcome.

With the synopsis of service and financial pressures as the backdrop, a proposed plan and timetable for implementing related parts of the City's Children's Charter, for responding to the preliminary benchmarks identified in the Children and Youth Advocate's Annual Report, and for reacting to "Toronto's Report Card on Children, 1999" can be presented. Therefore, this report also responds to a number of outstanding requests from Council for action plans in these important areas.

Service and Financial Pressure Facing Child Care:

The service and financial pressures currently facing child care arise from the following main sources:

- failure to pay operators their actual costs of providing subsidized child care;
- insufficient child care fee subsidies to meet the service need or demand;
- impact of school closures on child care located in school facilities;
- playground retrofit and replacement required by licensing;
- health and safety expenditures required by licensing;
- barrier-free child care access;
- loss of user revenue resulting from provincial policy changes;
- funding pressures associated with downloaded programs (wage subsidy, family resource centres, special needs resourcing); and
- pay equity.

The background paper, entitled "Pressures and Plans in Child Care", attached to this report discusses each of these sources of service and financial pressure in more detail.

A Plan for the Year 2000:

There have been numerous requests to the Department to develop plans and timetables to achieve many of Council's declared goals on behalf of children. The attached background paper responds to many of these requests and discusses a multi-year plan and timetable for child care and early childhood education and development.

The main objectives addressed in the multi-year plan are to:

- preserve and protect the current stock of licensed service for continued use by families in need;
- expand the number of fee subsidies available to all families in need; and
- increase the range and flexibility of the care options available to all families without sacrificing basic quality or accountability.

These objectives will be addressed in the year 2000 through the following proposed strategies:

- instalment two in a five-year plan to pay actual costs;
- instalment one in a seven-year prioritized playground retrofit and replacement program;
- use of unspent year-end fee subsidy to meet health and safety licensing concerns;
- replacement of six centres from closing schools;
- expansion of fee subsidies by 2000 spaces as step one in a three-year expansion plan;
- maximizing Support To Employment Program (STEP) funding for child care; and
- budget top-up for child care portion of the Learning, Earning and Parenting Program, (LEAP).

Two additional strategies (a five-year strategy to make centres barrier free and a five-year strategy to renovate and relicense centres to serve more infants) are also discussed in the background paper but have not been included in the 2000 budget request of the Children's Services Division.

Table 1 shows a summary of the costs of all of the potential year 2000 proposals itemized above.

Table 1
Summary of Costs of Year 2000 Proposals

Item in the report	Service Strategies	Budget treatment	Gross	Net if cost-shared
1	Preserve Existing Licensed and Subsidized Spaces:			
i	Actual costs payment (second instalment)	included	6.7	1.3
ii - a	Playground safety initiative (minor capital)	included	5.0	1.0
ii - b	Program health and safety (minor capital)	not included	1.0	0.2
iii - a	Replacement of six centres in closing schools	reserve	2.4	0.5
iii - b	Barrier free access to 150 centres	not included	4.0	0.8
iii - c	Renovate and relicense 200 infant spaces/year (capital)	not included	1.2	0.2
2	Expand Service and Range of Child Care Options:			
i	2,000 new subsidies	included	13.7	2.7
iii	maximize STEP funding	included	5.0	0.0
iv	LEAP top-up	included	4.0	0.8
	Total		43.0	7.5

Child Care Service Planning Process:

The attached background paper describes in detail a proposed approach for developing the Child Care Service Plan required of the City as part of the new Provincial Service Planning Guidelines for Child Care. This report recommends adoption of the planning process described in the background paper for implementation in 2000.

Conclusions:

This report provides an overview of the main service and financial pressures facing child care in the City and summarizes the year 2000 strategies and costs associated with a plan to address them. A fuller discussion of these pressures and plans is provided in the attached background document, entitled "Pressures and Plans in Child Care". This report also recommends approval of a Child Care Service Planning process to meet the requirements of new Provincial Guidelines for the Management of Child Care. A detailed description of the proposed service planning process is also included in the background paper attached to this report.

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Appendix I

Pressures and Plans for Child Care

Service and Financial Pressure Facing Child Care:

Very few of the pressures discussed in this report are new. Most have been the subject of previous reports to Council. This report is an attempt to consolidate and summarize them in one document. To avoid too lengthy and detailed a discussion of any one issue, reference will be made to previous Council reports, which can provide more detail. This report will identify the source of the financial or service pressure and will estimate potential financial and service impact.

(1) Non-payment of Actual Costs:

Costs of providing subsidized child care in the community have increased while public funding for the most part has not. A departmental report dated March 30, 1999, and entitled "Additional Information Pertaining to the 1999 Children's Services Budget Request" provides a detailed description of the sources of these rising costs (inflation, property tax, pay equity obligations, increases in market rents, preventative maintenance costs etc.). Per diem rates approved by the City for payment to operators with subsidy contracts have been frozen since 1993. Rates paid to home child care providers under contract with licensed home child care agencies have been frozen since 1991. In the case of centre based care the difference between their "optimal rates" (rates based on approved expenditures and assuming an efficient licensing configuration and 98 percent enrolment)

and the rates currently being paid by the City on behalf of subsidized clients is estimated to be \$9.2 million. Licensed home child care provider rates have fallen behind the market rate for informal care and would require a 10 percent increase to reflect cost increases related to inflation. This would have an estimated cost impact of \$1.8 million.

Child care operators and agencies cannot maintain the financial viability required of them under the terms of the City's purchase of service contract if per diem rates approved for subsidized clients do not reflect operators' real costs of providing the service. Faced with inadequate fee subsidy funding, operators face difficult choices. They can increase fees to their full fee paying clients if they have them, to help offset the unfunded costs associated with their subsidized clientele. They can modify their licensed capacity by downsizing or relicensing to avoid continued service to the youngest aged children who are the most expensive to serve. Or, they may close down their program entirely if it becomes completely non-viable financially. Any or all of these options are damaging to the overall child care system. There is already an insufficient supply of both licensed and subsidized care to meet the identified service needs and demand. The supply of care is particularly lacking for the youngest aged children.

(2) Insufficient Child Care Fee Subsidies to Meet the Need:

The recently released provincial operational review report by KPMG Consultants which has been discussed in the Department's September 22, 1999, report, entitled "Response to the Provincial Operational Review of Toronto's Implementation of Ontario Works and Child Care Fee Subsidy Programs", confirmed that there are insufficient child care fee subsidies to meet the mature program requirements of Ontario Works. An April 30, 1999, Department report, entitled "An Update on Child Care Demand related to Ontario Works," confirmed that the unmet care demand associated with the Ontario Works program at maturity is in the 21,000 to 34,000 range depending on the upper age cut-off limited adopted for the children. Part of this child care service demand is related to the new mandatory provincial program for teenage families, the Learning, Earning and Parenting Program (LEAP). The cost implications associated with LEAP are discussed in more detail in the Department's September 30, 1999, report, entitled "Learning, Earning and Parenting (LEAP)". The Department has included a request for \$4 million in its year 2000 budget to cover just the top-up costs associated with meeting the child care requirements of this specialized population of clients. The provincial guidelines require that the current child care budget be used to fund the base costs of care for this group. It is not the main intent of this provincial initiative to expand the number of fee subsidies available in total but rather to redirect existing resources to this particular client group as a mandated service priority.

Our data clearly demonstrates that Ontario Works clients are not the only families who have unmet child care needs. The regular waiting list for subsidized child care stands at over 13,000. Families wait on this list up to 18 months before a subsidy space becomes available. In upcoming implementation planning discussions with Provincial Officials in response to the KPMG report, consensus concerning the level of unmet need for child care subsidy will be sought.

(3) Insufficient Supply of Licensed Child Care Spaces:

To meet the unmet need for child care subsidy described above, more than additional fee subsidies are required. Additional fee subsidies can be used to fill the current licensed vacancies (up to 2,000 spaces) but there will remain a pressing need to expand the stock of licensed care options available. In many cases, the current licensed vacancies are not in a geographically convenient location for the families most in need. Vacancies often exist in the wrong age category or the licensed program is unwilling or unable to meet some families' requirements for part time or shift related care. The department's July 14, 1999, report, entitled "Child Care Capital Needs and Future Funding Strategies," more fully discusses the factors contributing to the need for child care capital program. Some preliminary estimates for capital expansion options were also provided in this report. A modest development plan, which would build up to 700 new licensed spaces would cost approximately \$10 million. The cost of relicensing existing programs to provide 1,000 licensed infant spaces would be \$6 million. The capital costs of building sufficient new licensed child care spaces to meet the mature needs of Ontario Works would be more than \$150 million.

(4) School Closures:

But before trying to expand the licensed stock of child care space and increase the flexibility with which it can address unmet service needs, it is critical that the City first ensure that the current stock of licensed space is preserved and protected. The October 7, 1999, report from the Acting Commissioner of Urban Planning and Development Services, entitled "School Planning, City-wide", identified that impending school closures will have a significant impact on the provision of both child care and family resource programs.

System-wide, there are currently 325 child care centres providing licensed care for 17,241 children and 18 family resource centres located in schools operated by the Toronto District School Board (TDSB), the Toronto Catholic District School Board (TCDSB), the French Public and French Catholic Boards. The TDSB houses 87 percent of these programs within its facilities including 285 child care centres and 14 family resource programs. The TCDSB houses 32 child care centres and four family resource programs. Finally, the French Public Board and the French Catholic School Board house four child care programs each.

Five of the 28 TCDSB schools identified as candidates for closure contain child care centres. Six child care centres are located within TDSB facilities due to close in June 2000. Twenty more child care centres are located in the schools who will receive the students displaced as a result of school closures. Swelling enrolment in these receiver schools may negatively impact the tenure of these 20 child care programs. The effects of the closure announcements are already being felt. Many parents are not waiting for the school or the child care centre services to be relocated. They are withdrawing their children and transferring them elsewhere now. This action is threatening the continued

viability of centres located in schools slated to close and may prematurely reduce the stock of overall available licensed child care space before longer term solutions can be negotiated.

A conservative estimate of the capital costs associated with relocating child care service expected to be displaced by the TDSB school closures in 2000 is \$2.4 million. To meet the child care relocation costs over the full three-year phased closure of schools more than \$10 million in capital funding would be required.

(5) Playground Retrofit or Replacement Costs:

Effective September 30, 1999, the provincial Ministry of Community and Social Services is requiring that all licensed child care programs must comply with the 1998 Canadian Safety Association Standard (CAN/CSA Z6114-98) and is using this standard as their indicator of compliance with the licensing provision of the Day Nurseries Act. An October 12, 1999, report, entitled "Impact of New Provincial Safety Requirements for Playgrounds in Licensed Child Care Programs," outlines the service and financial implications of this new provincial requirement for Toronto's child care system in more detail.

Briefly, the Department estimates that as many as 718 of the 760 licensed child care programs in the City of Toronto may not be in compliance with the new standards without incurring major retrofit or replacement costs. No additional public funding has been announced to assist operators with the costs of compliance. To date no "grandfathering" or "phased implementation" plan has been discussed.

Preliminary departmental estimates suggest the cost impact may be as great as \$5 million per year assuming a seven-year replacement/retrofit strategy for the over 700 licensed child care programs within the City. More detailed estimates must await individual safety inspections by certified inspectors. In the interim, some centres are dismantling and removing their playground structures to address liability risks associated with non-compliant equipment. There are also unfunded costs associated with certified inspections and with structure removal. Ultimately, the quality of the service suffers when playground equipment cannot be replaced or children must be taken to other public play sites not subject to the same licensing scrutiny.

(6) Other Minor Capital Costs:

As outlined in the Department's July 14, 1999, report, entitled "Child Care Capital Needs and Future Funding Strategies," child care programs require public funding assistance with minor capital needs. Minor capital is defined as capital and equipment expenditures of \$40.0 thousand and less. Many of the City's older child care centres require capital upgrades to comply with provincial regulatory statutes. Operators are often faced with unanticipated expenses associated with health and safety related work that is required to preserve their clear license to operate. Constraints on operating funding and failure to pay actual costs on behalf of subsidised clients precludes operators from incorporating

their minor capital needs in their annual operating budgets. Per diems approved on behalf of subsidized clients (who represent over 70 per cent of all clients enrolled in licensed care) are insufficient to allow operators to finance preventative maintenance programs.

Historically, the Province distributed any unspent fee subsidy monies to assist operators with minor capital expenses, particularly those related to licensing concerns or health and safety requirements. The amounts available for redistribution varied year to year with individual child care sites receiving varying allocations (\$10.0 thousand to \$25.0 thousand) depending upon the problem being addressed. Since the download of system management responsibility for child care from the Province to the City on July 1, 1999, minor capital funding has become an issue for the City to resolve. Conservatively, it is estimated that at least \$1 million in minor capital funding will be required on an annual basis to address ongoing health, safety and licensing issues of programs under subsidy contract with the City. This estimate does not include the preliminary estimate of the minor capital funding required to address the specific issue of playground compliance already discussed in section (5) of this report.

(7) Barrier-free Child Care Access:

The Department's July 14, 1999, report, entitled "Child Care Capital Needs and Future Funding Strategies," also discussed the problem of adequate physical accessibility in child care settings. Child care programs are seeking to become more inclusive in their admission practices and are striving to integrate, to the fullest degree possible, children and families facing a variety of special challenges. In some cases, the special needs of the children or families require a barrier free service environment to accommodate wheelchairs and other prosthetic devices and equipment. Ideally, all child care facilities should be barrier free. But a 1990 assessment of a structured sample of child care settings in what is now the City of Toronto found that no centre in the sample was barrier free. The majority lacked accessible parking and drop-off areas. Centres located above the ground level frequently did not have ramps or elevators to facilitate access. Washrooms were the primary area found to be in need of adaptation. Estimates for retrofitting the centres assessed as part of the sample reflected the wide variety of barriers encountered and ranged from a low of \$2.8 thousand in one site to a high of \$140.8 thousand in another. While the range of estimated costs was wide, the median cost estimate was approximately \$30.0 thousand per centre. The system-wide cost of making child care barrier free would therefore be in excess of \$20 million and would take a number of years to accomplish.

(8) Anticipated Loss of User Revenue from Subsidized Clients:

The subsidized child care system within the City is dependent upon the user fees paid by subsidized clients under the City's income test. User fees from subsidized clients accounted for over \$16 million and constituted 45 percent of the total local cost-sharing contribution to child care in the 1999 approved budget. Although the City has not changed its user fee formula or policies, in year 2000 the Department is forecasting a

\$2.2 million reduction in user revenue from subsidized clients as a direct result of two recent provincial announcements. First, as was described in the Department's June 2, 1999, report, entitled "Provincial Update to Child Care Fee Subsidy Guidelines," the Province increased the ordinary needs allowance on the needs test used to assess eligibility for subsidized child care. While advantageous from a client's perspective, this provincial change reduces the expected revenue the City will collect from subsidized clients by \$1.7 million. This will require the City to increase its net contribution to compensate for the foregone user fees that help make up the total 20 percent local cost-sharing required.

As a result of the provincial mandate that teen families under LEAP are given admission priority and that user fees may not be charged to these families the City is estimating a further revenue loss of \$.5 million as a result of this provincial program.

(9) Funding Pressures Associated With Downloaded Programs:

Effective July 1, 1999, the City was given child care service system management responsibility as a result of the download from the Province of the wage subsidy program, family resource centres and special needs resourcing. The implications of this action have been fully described in a March 1999 Department report, entitled "Transfer of Provincial Responsibilities to Social Services and Children's Services Divisions". The provincial guidelines governing the management of these programs by the City preclude any changes being made in the level of funding or service expectations for one full year following the assumption of responsibility by the City. The City must become much more familiar with the past service history and the current service issues faced by these programs before future service planning discussions can begin in a formal way. However, there are many early indications that the future financial pressures will be significant and complex.

As the Department has already described in its earlier report dated March 30, 1999, and entitled "Additional Information Pertaining to the 1999 Children's Services Budget Request", the history of the provincial wage subsidy program and its relationship to pay equity obligations in the child care sector are quite complicated. The current provincial parameters governing the program have resulted in significant inequity of funding across the child care service system. Now that the wage subsidy program is being managed by the City, community operators will expect this historic inequity to be addressed. The costs associated with any such action have not yet been calculated but are estimated to be substantial. There is insufficient data from the provincial download to reconstruct easily how the current funding patterns were determined. As has been discussed more fully in the Department's March 11, 1998, report, entitled "Pressure Facing Child Care Programs Serving Subsidized Clients", the pay equity liability for child care programs in the City is estimated to be \$10.4 million in 2000. By the time child care programs achieve full pay equity in 2018, the mature annual pay equity cost will have risen to over \$40 million. This does not include the additional unfunded retroactive liability back to 1994 faced by many child care programs and most for profit operations. The impact of pay equity on

the licensed home child care program is currently a matter of judicial review and is likely to pose significant service and funding challenges in the future.

While there is no legal obligation for either the Province or the City to fund these pay equity costs, the community operators are legally required to meet their pay equity obligations. Failure to do so threatens the future of existing licensed programs.

Proposed Multi-Year Plan and Timetable:

There have been numerous requests to the Department to develop plans and timetables to achieve a number of Council's declared goals on behalf of children. A great many of them have concerned the future of child care services in particular. The Toronto's Children's Charter specifically identifies "children's entitlement, provided their parents so choose, to participate in high quality child care/early education programs designed to meet the best interests of the child". In adopting the Charter, Council also set the ambitious benchmark of cutting in half the current subsidized waiting list for child care and asked for a multi-year plan to do so. More recently, in consideration of both the Provincial Review of Ontario Works by KPMG and the provincial expectation for the implementation of LEAP, as well as during last spring's operating budget considerations, the need to preserve and protect exiting licensed child care programs was identified. As well, the need to broaden the range of service options available to families has been emphasized. Therefore, the multi-year action plan for child care and early childhood education and development which follows contains the following main objectives:

- preserve and protect the current stock of licensed service for continued use by families in need;
- expand the number of fee subsidies available to all families in need; and
- increase the range and flexibility of the care options available to all families without sacrificing basic quality or accountability.

While City budget discussions during both 1998 and 1999 also focused on the future of the former City of Toronto Daycare Grants and the need to rationalize and harmonize the public funding support to child care operators and agencies, it is premature to propose strategies to accomplish this objective at this time. The future of the former City of Toronto Daycare Grants must be considered in the context of the wage subsidy program downloaded by the Province to the City effective July 1, 1999. Under the provincial guidelines governing municipal management of the child care system, the wage subsidy program, (like the funding arrangements for other downloaded programs including family resource centres and special needs resourcing) may not be altered for a full year following transfer of management responsibility to the City. Future planning with respect to these three program areas will be initiated in year 2000 with potential changes taking place as part of the year 2001 budget cycle.

The main components of a multi-year plan to address the funding and service pressures facing child care are broadly sketched out below with proposed targets, costs and time lines identified. However the more detailed neighbourhood-based negotiation and implementation planning which is necessary to assure improvement in outcomes for children and families requires a formal service planning process. This report also recommends a framework for that process which builds on the successful history of child care service planning from the former Metropolitan Toronto and which complies with the provincial guidelines governing the management of child care service planning.

Targets/Strategies/Costs/Time Line:

(1) Preserve Existing Licensed Stock and Subsidized Service:

- (i) To preserve and protect existing licensed stock it is proposed that the City invest in the phased elimination of the gap between the rates paid on behalf of subsidized clients and the cost of providing the care (optimal costs); that the City increase home child care provider rates to keep pace with inflation; and that the City maintain child care system stability by meeting legitimate cost increases related to inflation. This plan would build upon the “down payment” provided to operators and home child care providers as ‘one-time funding’ in 1999. The \$3.3 million being spent in 1999 will bring all per diem rates to within 96 percent of optimal costs and will increase home child care provider rates by approximately \$1.05 per day. It would take a total of three years to incrementally increase funding to eliminate the existing gap between the rates paid and the optimal costs. This would cost an additional \$3.3 million in 2000 and an additional \$2.9 million in 2001. It would take five years to catch up with inflation related increases since 1998 (estimated at 1 percent of approximately \$1.4 million per year). By the year 2003, if this schedule of funding adjustments were followed, the City would be paying child care operators their actual costs of service. A schedule showing the catch-up program described above is shown in Attachment 1.

The Department feels that a commitment by Council to return, in a phased way, to recognizing operators’ costs of providing care for subsidized clients would be the best way of preserving and protecting existing licensed and subsidized child care service in the City.

- (ii) Another strategy for preserving existing service is to make allowance for annual minor capital costs associated with health and safety requirements and associated with playground retrofit or replacement. Implementing a playground safety initiative which could fund playground improvements at a cost of approximately \$50.0 thousand per centre at a rate of 100 centres per year (\$5 million) over a seven-year period will prevent the loss of much needed licensed service stock. An additional \$1 million per year would be necessary to address other minor capital costs.

- (iii) A multi-year capital plan could also help preserve existing child care resources. A capital strategy to help finance the replacement of child care service lost as a result of school closures is needed. At least six day care centres and potentially as many as 26 child care centres may be displaced as a direct or indirect result of school closures planned in 2000. The minimum replacement value for six centres is estimated to be \$2.4 million. Future planned closures will carry a similar price tag. Developing a five-year child care capital program to address this issue has already been directed by Council and is critical to maintaining current licensed service stock.

Another objective of a child care capital program could be to make existing centres more accessible and more barrier free. A phased retrofit program could cost \$4 million a year for five-years.

And finally, capital funding could be used to finance the phased renovation of existing child premises to provide much needed care for infants. One thousand infant spaces could be developed at the rate of 200 spaces per year at an annual capital cost of \$1.2 million.

Some of the costs associated with these strategies to preserve existing licensed service are potentially eligible for cost-sharing with the Province of Ontario. However a substantial increase in the currently approved provincial subsidy ceiling would first be required.

- (2) Expand Available Fee Subsidies and Broaden the Range of Care Options Available:
 - (i) There are approximately 2,000 licensed vacancies within the current child care programs under subsidy contract with the City. For an added gross cost of \$13.7 million (\$1.4 million net of user fees) subsidized children could be placed in these licensed spaces. To meet the benchmark proposed by Council of cutting the current subsidized waiting list in half, expansion would have to continue at a rate of 2,000 new subsidies per year for three years.
 - (ii) Beyond year one, increasing subsidies without growing the stock of licensed space would be futile. Without a change in provincial legislation and regulation, it is not presently possible for the City to spend regular fee subsidy dollars on anything but licensed service options. There is currently only a limited provision within the fee subsidy allocation funded through the Ontario Works program to purchase non-licensed care for clients while they continue in the Ontario Works program. However, the City's experience has clearly demonstrated the overwhelming preference for licensed care alternatives demonstrated by both Ontario Works and regular fee subsidy clients.

To grow the stock of licensed service and utilize any additional fee subsidies that might be approved, a number of strategies could be explored. The possibility of a child care capital program has already been discussed elsewhere in this report. In addition to building more licensed child care centres or increasing the licensed capacity of existing centres, it is also possible to expand the service capability of the school-aged childcare programs as originally proposed by the former Metro Task Force on Services to Young Children and Families. Under this model, the possibility of using existing child care centres to broker and purchase a variety of after school recreational programs thus increasing the number of children who could be served legitimately through their centre under the fee subsidy program.

Also, it is possible to grow the stock of licensed care available through home child care agencies. To do so will require some review and revision to the current schedule of provider rates to provide added incentive to serve different ages of children and to provide more service outside of regular working hours to meet the needs of parents with part-time or shift-work employment.

The City could also actively pursue more service contracts with other licensed centres and nursery schools currently not available to subsidized clients. This would also help to secure more part-time care options for families.

- (iii) Another strategy for expanding the fee subsidy support to families who qualify may be accomplished by maximizing the use of the Support to Employment Program (STEP). A joint initiative between Children's Services and Social Services could, with provincial approval, provide up to \$5 million worth of additional funding for use by social service clients with employment income and provide new service options for approximately 1,300 school-aged children. Since this money would not be subject to the same constraints governing the use of regular fee subsidy funding, the City could explore the use of other non-licensed but City sanctioned care options for these families. For example, some of this money might be used to expand the availability of recreational services and Boys' and Girls' Clubs which provide excellent after school care alternatives for some older children.
- (iv) A strategy to improve the access that eligible working families have to fee subsidy is to ensure balance in the use of regular fee subsidies and avoid giving priority to Ontario Works clients only. This can be in part accomplished by retaining the "first come first served" policy governing admission to regular subsidized care. Redesigning the child care service strategy for Ontario Works clients under the Ontario Works Business Plan is another way to exert some control and find other ways to meet their

changing care needs. Through the recommendations contained in the Provincial Operational Review report by KPMG the department expects to be discussing an increased use of part-time care tied specifically to participation commitments of clients under Ontario Works.

The Department has also budgeted \$4.0 million in top up costs to provide care for mandatory LEAP clients.

- (v) Not all families require child care five days a week or for a full daycare day. Some families require a mix of child care and family support options. Discussions with the Province and with the community of current service providers, including family resource programs which are now part of the broader range of child care services, will help to better integrate the mix of services families require and will also help to identify incentives for operators to provide more part-time and creative service options for families requiring care outside of regular hours of operation. While the City currently has funding relationships with over a third of the 150 family resource program in the City, there is a need to adopt an aggressive program of outreach to all such programs and integrate them more fully into a comprehensive network of services for children and families. The City has an opportunity to seek provincial cost-sharing for Family Resource programs currently funded 100 percent by the City under its community grant program. If successful, this would significantly increase the size of the funding envelope and allow strategically planned expansion of these important family support services.

(3) New Service Plan for Child Care:

The original Service Plan for Child Care developed by the former Municipality of Metropolitan Toronto and implemented in 1993 focused exclusively on the licensed child care system. The downloading of other family support services from the Province gives the City an excellent opportunity to begin to develop and implement a more comprehensive and cost-effective system of early childhood education and development.

The development of a new Child Care Service Plan is proposed for the year 2000. This plan will begin to address the important issue of better integration of services for young children and families. The planning of child care services will proceed in the context of a full audit of the community's service assets for children generally. The service planning process to be followed will also comply with the requirements of the new Provincial Guidelines for Child Care Subsidy Planning, will build upon the positive experience from the 1993 child care service planning process, and will actively engage neighbourhoods within City wards in the process of setting local benchmarks for service options, levels and equity. The basic principles and policies underlying the new Child Care Service Plan will be:

- equity of service access;
- publicly planned and accountable service outcomes;
- service options consistent with informed parental choice;
- first come first served admission to care; and
- recognition that child care services provide:
 - developmentally appropriate and beneficial care for children; and
 - family support and employment support.

The specific challenges that the proposed child care service planning process will address include the following:

- (I) the integration of all child care services (licensed care and family resource programs), access to special needs resources, and the relation of child care services within the broader spectrum of services to young children and families (including recreation based, library based and health based services);
- (II) the maintenance of a viable service sector including the preservation and protection of current service and resources;
- (III) the expansion and enhancement of existing licensed care and family resource programs to provide a broader more flexible range of care and support services responsive to individual client needs;
- (IV) rationalization of the City's diverse user fee policies respecting care and support services for young children and families;
- (V) preliminary consideration of the funding treatment of programs under service contract with the City. In particular, the inequities associated with the wage subsidy program and the former City of Toronto Daycare Grant Program will be reviewed; and
- (VI) service partnerships across City divisions and departments and with Boards of Education and other community service organizations will be promoted through a process of active community outreach.

Service planning will be an inclusive and iterative process that requires significant community commitment and participation at the neighbourhood level within City wards. This neighbourhood action planning process for child care service will greatly benefit from the leadership and involvement of City Councillors and the technical support and assistance of departmental staff. Ward plans developed through this neighbourhood action planning process will be consolidated into a City-wide Service Plan that reflects Council approved principles, policies and benchmarks. Realistic time lines for the achievement of targeted outcomes will be established and monitored through the broader annual City Report Card on Children initiative. The service planning process and the Service Plan for Child Care it will produce will be guided by an inter-departmental steering committee of senior staff from operating departments having responsibility for

children. This will ensure the best possible integration of service planning effort across departments and across programs sharing a common interest and commitment in services to children.

Conclusions:

This report provides a summary of the service and financial pressures facing child care within the City of Toronto and proposes a multi-year plan to address them. Attachment 2 provides a cost summary of the year 2000 proposals. And finally, the report describes and recommends an approach to Child Care Service Planning which will meet the new provincial requirements and which will be consistent with the City's vision of a comprehensive and integrated system of early childhood development and family support.

Attachment 1

Proposed Schedule for Payment of Actual Costs of Service
for
Purchased Agencies and Private Home Child Care Providers

	YEAR						
	1998	1999	2000	2001	2002	2003	2004
Total shortfall (including inflation after 1998)	7.8	9.2	10.6	12.0	13.4	14.8	16.2
Funding Increase - 1999	0.0	3.3	3.3	3.3	3.3	3.3	3.3
- 2000			3.3	3.3	3.3	3.3	3.3
- 2001				2.9	2.9	2.9	2.9
- 2002					2.8	2.8	2.8
- 2003						2.5	2.5
- 2004							1.4
Annualized Funding Increase	0.0	3.3	6.7	9.6	12.4	14.8	16.2
Outstanding shortfall	7.8	5.9	3.9	2.4	1.1	0.0	0.0

Attachment 2

Summary of Costs of Year 2000 Proposals

Item in the report	Service Strategies	Budget treatment	Gross	Net if cost-shared
1	Preserve Existing Licensed and Subsidized Spaces			
i	Actual costs payment (second instalment)	Included	6.7	1.3
i - a	Playground safety initiative (minor capital)	Included	5.0	1.0
ii - b	Program health and safety (minor capital)	Not included	1.0	0.2
iii - a	Replacement of six centres in closing schools	Reserve	2.4	0.5
iii - b	Barrier free access to 150 centres	Not included	4.0	0.8
iii - c	Renovate and relicense 200 infant spaces/year (capital)	Not included	1.2	0.2
2	Expand Service and Range of Child Care Options			
i	2,000 new subsidies	Included	13.7	2.7
iii	maximize STEP funding	Included	5.0	0.0
iv	LEAP top-up	Included	4.0	0.8
	Total		43.0	7.5

The Community Services Committee also submits the following report (November 1, 1999) from the Commissioner of Community and Neighbourhood Services:

Purpose:

This report describes the service impact of the Toronto District Board of Education's intended cancellation of funding for the York Before and After School programs for school-aged children in the former City of York and identifies the need for a City strategy to address the resulting service disruption for children and families.

Funding Sources, Financial Implications and Impact Statement:

The City's preliminary budget request for the year 2000 does not contain provision to fund the care demand created by the intended closure of the after-four care program by the Toronto District Board of Education. The gross fiscal cost is estimated to be \$1.6 million. The gross annualized cost is estimated to be \$3.5 million.

Recommendation:

It is recommended that this report be received for information and be considered with the October 19, 1999, report, entitled "A Comprehensive Summary of Child Care Issues and a Proposed Plan and Timetable for Action".

Council Reference/Background/History:

The Children and Youth Action Committee at its October 29, 1999, meeting requested staff to report to the next Community Services Committee meeting on the Toronto District School Board's decision respecting the Before and After School Program of the former York Board of Education. News of this intended funding cancellation was received too late to include it in the Department's October 19, 1999, report, entitled "A Comprehensive Summary of Child Care Issues and a Proposed Plan and Timetable for Action" being considered as part of the November 4, 1999, Committee agenda.

On June 23, 1999, the Toronto District School Board decided to end their current funding of the non-licensed York Before and After School Care Program for school-aged children at the end of 1999-2000 school year. This decision was communicated to the City in a letter dated October 25, 1999. The program which currently serves approximately 1,400 school-aged children in 21 school sites within the York Humber and York Eglinton wards of the City has been in operation for many years. The former York Board of Education received special approval from the Ministry of Community and Social Services to operate a program that did not require a Day Nurseries Act licence. Similar non-licensed after-four type programs were operated in other former area municipalities by the local Parks and Recreation Departments. Within the new amalgamated Toronto District Board of Education, the former York Board was the only one to directly operate such a program. Because the costs associated with this service are not eligible for funding under the new provincial school funding formula and because the service is not part of the Board's core instructional mandate, continued funding support for this program by the Board was not given. The Board has notified affected parents that their before and after school care program will terminate at the end of the 1999-2000 school year unless alternate funding is obtained.

The York Before and After School Program serves approximately 1,400 school-aged children on 218 sessional days at a cost of approximately \$10.00 per day per child. The programs are staffed at a 1:18 ratio (as opposed to the 1:15 child:staff ratio required under the Day Nurseries Act) and provide recreational and skills development type activities for children for one and a half hours before school and two and a half hours after school. Families who use the program are not needs tested and are only charged a nominal fee of \$5.00 per month. The full annualized cost of the program is estimated to be approximately \$3.5 million.

While no specific data on the families currently receiving service through the program are available, the demographics for the two wards in which the program is being delivered provide a useful client profile. Within the catchment area served by this program, there is a higher percentage of lone parent families, and a higher percentage of families living below the poverty line than the overall City-wide average. Within these two wards there are over 5,200 children in

families who are in receipt of social assistance. This is a socially and economically needy part of the City.

A review of the current inventory of licensed child care alternatives in these two wards shows that there are a total of 1,933 licensed spaces of which only 421 are school-aged. Currently there are 92 vacant licensed spaces, however, none of these vacant spaces are for school-aged children. Clearly there is an insufficient stock of licensed school-aged care to absorb the expected demand the closure of the York Before and After School Program would create.

With respect to child care subsidy availability, the two wards currently provide subsidized child care to a total of 1,881 children of which 471 are school-aged. All available subsidies are currently being used and there is a waiting list for subsidy of 693 children, 123 of whom are school-aged. Clearly there are also insufficient fee subsidies to respond to the expected demand for affordable school aged care that the expected closure of the York Before and After School Program will create.

Comments and/or Discussion and/or Justification:

The decision of the Toronto District School Board to cease funding for its York Before and After School Program has a number of policy, funding and service implications for the City.

(1) Service Implications and Issues:

Unless alternate funding for this program is obtained, 1,400 school aged children in York Humber and York Eglinton will be left without affordable before and after school care. Even if these families applied to the City and were confirmed eligible for child care subsidy, their position on the "first come-first served" waiting list would not necessarily provide them with a subsidized child care placement by the start of the 2000 fall school term. There are insufficient fee subsidies and insufficient licensed care spaces to respond to the significant new service pressure that will be created if the York Before and After School Program does not continue. Families who historically have paid only \$5.00 per month towards the cost of the non-licensed care they are currently receiving may not be receptive to the higher user fees associated with the subsidized child care system.

Even if both the City and the Province agreed to cost-share the care costs of serving these 1,400 children, under the current provincial legislation, these fee subsidy dollars could not be flowed to a non-licensed program like the York Before and After School Program. A change in the provincial Day Nurseries Act or special dispensation from the Province to cost-share such a program on a special project basis would be required.

Since the services currently provided by the York Before and After School Program are similar to recreational and skill development programs provided to school-aged children outside of school hours in other parts of the City of Toronto by Parks and Recreation, it is also possible that the closure of the York program will create a pressure to develop and provide more City recreation programs in these wards. This would not be possible at 1999 funding levels.

(2) Funding Implications:

The fiscal cost of continuing the current program is estimated to be \$1.6 million. The annualized cost is \$3.5 million. There is no provision in the City's preliminary budget request for the year 2000 to cover this added cost. Without legislative change it is unlikely that these costs would be eligible for provincial cost-sharing under the Day Nurseries Act. The cost of replacing this non-licensed care with either a licensed care alternative or service provided through Parks and Recreation would likely be more expensive. The comparative cost would be approximately \$15.00 per day as opposed to the \$10.00 per day in the current non-licensed program. To provide comparable service to all 1,400 children through licensed child care or current City recreational programs could cost approximately \$5.25 million on an annualized basis.

(3) Policy Implications:

The design of the York Before and After School Program is not dissimilar to the model of school aged care originally proposed and discussed by the former Metro Task Force on Services to Young Children and Families. There have been ongoing discussions since then on the potential for managing a system of care for school-aged children separate from the current child care system which also serves preschoolers and younger aged children and by so doing achieving some service and cost efficiencies. Such a strategy, however, is premised on the City maintaining adequate quality and accountability controls and securing increased legislative flexibility from the Province.

In December 1998, such an approach had been the subject of discussion by a sub-committee of the Children and Youth Action Committee which examined possible ways in which some money from the Social Services Reserve might be used to support families' care needs using non-licensed service models. More recently, with the 1999 budget decision by Council to consider funding for pilot projects that test the concept of seamless service for children enrolled in school, the validity of the current York model as an effective way to provide service in a school context might be formally evaluated.

The announced termination of funding for the York Before and After School Program also has relevance within the context of the School Tax Sub-Committee deliberations and the City's ongoing negotiations with the Toronto District School Board regarding a new Master Agreement. One of the guiding principles underlying these negotiations is the concept that the children are a shared responsibility of both the City and the Board and that services to those children should not be disrupted. There may be an opportunity to negotiate with the Board concerning the future of the York Before and After School Program within this context.

(4) Other Implications:

The current York Before and After School Program is staffed with part-time Board employees organized as part of C.U.P.E. Local 4400. The issue of union successor rights would have to be considered if this program were closed through lack of funding and any new program created to replace it. The labour relations implications require careful consideration in any future service strategy developed by the City to respond to the expected service demand created by the Board's funding decision.

Conclusions:

As a result of the Toronto District Board's decision to cease funding the York Before and After School Care Program an enormous pressure for alternate city services, either subsidized child care or recreation programs for 1,400 school-aged children will be created. The year notice provided to the City allows time to develop an alternative service strategy and/or to discuss new funding sources required. Since the families affected by the Board's funding decision are among the most needy in the City and since the current service model is consistent with future service directions the City has already indicated it is interested in exploring, it is recommended that further work be done in the context of the Child Care Service Planning process being initiated early in the new year. In the interim, it is also suggested that City officials initiate discussions with the Board of Education through the School Tax Sub-Committee. It is also recommended that City officials discuss the impact of the Board's decision with Provincial Officials in an effort to negotiate funding support and legislative flexibility for a City strategy to preserve the non-licensed care this program provides. Finally, it is recommended that the York Before and After School Program be given consideration for inclusion as part of the seamless day pilot initiatives approved by Council as part of the 1999 budget approval process.

Contact Name:

Marna Ramsden
General Manager, Children's Services, Tel: 392-8128

The Community Services Committee also submits the following communciation (November 2, 1999) from the City Clerk:

Recommendation:

The Children and Youth Action Committee on October 29, 1999, recommended to the Community Services Committee, the adoption of the report (October 19, 1999) from the Commissioner of Community and Neighbourhood Services.

The Children and Youth Action Committee reports, for the information of the Community Services Committee, that the General Manager of Children's Services advised the Committee that on October 27, 1999 the City received notification from the Toronto District School Board of its intention to terminate its funding of the York "Before and After School Program" effective June 2000. Unless alternate funding can be found for this program approximately 1,400 school-age children will lose their care arrangements. This service and funding pressure is in addition to those pressures already identified in the "Comprehensive Summary of Child Care Issues and a Proposed Plan and Timetable for Action" report.

Background:

The Children and Youth Action Committee on October 29, 1999, had before it a report (October 19, 1999) from the Commissioner of Community and Neighbourhood Services, addressed to the Community Services Committee, respecting a comprehensive summary of child care issues and a proposed plan and timetable for action.

The Committee's recommendation is noted above.

The Community Services Committee reports, for the information of Council, also having had before it during consideration of the foregoing matter a communication (November 4, 1999) from Ms. Anne Dubas, President, Canadian Union of Public Employees, Local 79, providing comments on the comprehensive summary of child care issues; and urging the Committee to recognize the directly operated child care centres as a valued part of the City's social fabric and service to the community.

The following persons appeared before the Community Services Committee in connection with the foregoing matter:

- Ms. Maria de Wit, Chair, Child Care Advisory Committee of Toronto; and submitted a brief in regard thereto;
- Ms. Ruth Kottas, on behalf of The Child Care Supervisors Network; and submitted a brief in regard thereto;
- Mr. Jim Tsatsos, on behalf of The Toronto Home Child Care Association; and submitted a brief in regard thereto;
- Ms. Cheryl De Grais, Pat Schultz Child Care Centre;
- Ms. Jane Mercer, Toronto Coalition for Better Child Care; and
- Councillor Rob Davis, York - Eglinton.

(Councillor Pantalone, at the Council meeting held on November 23, 24 and 25, 1999, declared his interest in the foregoing Clause, in that one of his children is registered in a day care centre which has a purchase of service agreement with the City of Toronto.)