

## **2007 Additional Best Start Funding and New Funding for Aboriginal Child Care**

<b>Date:</b>	July 31, 2007
<b>To:</b>	Executive Committee
<b>From:</b>	General Manager, Children's Services
<b>Wards:</b>	All
<b>Reference Number:</b>	

### **SUMMARY**

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This report seeks approval to amend the Children's Services' 2007 Approved Operating Budget to reflect additional Best Start funding. Details of additional funding were provided by Minister Chambers, Minister of Children and Youth Services (MCYS), in a letter to Mayor Miller dated June 28, 2007 and announced publicly on July 5, 2007. This announcement includes \$17,357.1 thousand additional funding in 2007, annualized to \$23,142.8 thousand in 2008 for Toronto to support child care spaces and improve wages to child care practitioners.

The Ministry has also announced an Expression of Interest process to create off-reserve culturally appropriate child care programs for Aboriginal children. Toronto is one of the 14 communities selected for the development of the child care spaces. This report also provides information on the new funding and seeks authority to enter into agreements with Aboriginal children's services providers in Toronto that are successful in the Expression of Interest.

### **RECOMMENDATIONS**

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The General Manager of Children's Services recommends that:

- 1) the Children's Services' 2007 Approved Operating Budget be amended to include the following:
  - a) an additional \$12,612.2 thousand in Provincial Best Start revenues offset by a reduction in withdrawals from the Child Care Expansion Reserve Fund of \$12,612.2 thousand; and

- b) an increase of \$4,744.9 thousand gross and revenues for wage improvement for child care practitioners.
- 2) wage improvement funds be dispersed to child care operators with fee subsidy contracts on the basis of a sliding scale and in accordance with the principles attached in Appendix A;
- 3) subject to Provincial funding and approval of Aboriginal child care projects, the General Manager of Children's Services be delegated authority to negotiate and execute agreements on behalf of the City with provincially approved organizations to fund the construction and /or renovation costs associated with the creation of new Aboriginal child care sites, in an amount determined in accordance with the provincial infrastructure guidelines, which amount shall not exceed an average cost of \$10,000 per child care space, such agreement to be on terms that are satisfactory to the General Manager and be in a form acceptable to the City Solicitor;
- 4) through variance reporting, Children's Services' 2007 Approved Operating Budget be further increased to reflect the City's allocation for provincially approved Aboriginal Child Care projects; and
- 5) the General Manager of Children's Services report to the Community Development and Recreation Committee and Budget Committee in late 2007 on the projected service impacts in 2008.

## FINANCIAL IMPACT

	Additional Provincial Best Start Funding						
	2007				2008 (Annualized)		
	Gross	Provincial Revenue	Child Care Expansion RF	Net	Gross	Provincial Revenue	Net
Child Care Spaces		12,612.2	(12,612.2)	-	-	16,816.3	-
Wage Improvement	4,744.9	4,744.9		-	6,326.5	6,326.5	-
<b>TOTAL</b>	<b>4,744.9</b>	<b>17,357.1</b>	<b>(12,612.2)</b>	<b>-</b>	<b>6,326.5</b>	<b>23,142.8</b>	<b>-</b>

Prior to this announcement, Children's Services' 2007 Approved Operating Budget included a draw from the Child Care Expansion Reserve Fund (CCERF) of \$15.9 million to fund base pressures. This additional provincial funding will result in a substantial reduction to the budgeted draw from the CCERF to \$3.2 million in 2007 and approximately \$7 million in 2008. Based on current service levels it is expected that the Reserve will not be exhausted until 2010.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

City Council at its meeting of July 16, 2007 considered a report dated May 22, 2007 from the General Manager of Children's Services and approved by the Community Development and Recreation Committee and the Budget Committee

See

2007 Best Start Update to Child Care Service Plan and Report Back on Income Testing  
<http://www.toronto.ca/legdocs/mmis/2007/ex/reports/2007-06-25-ex10-cr.pdf>

City Council at its meeting of May 17, 2005 considered a report dated April 11, 2005 from the General Manager of Children's Service and approved the City of Toronto's Child Care Service Plan for 2005-2009.

See

<http://www.toronto.ca/legdocs/2005/agendas/council/cc050517/pof5rpt/cl020.pdf>

Amendments to the plan were approved at Council meetings of October 26, 2005; See Approval of the Best Start Service and Transition Plan as Amendments to the 2005-2009 Toronto Child Care Service Plan Appendix 1 Best Start Transition Infrastructure Plan;

<http://www.toronto.ca/legdocs/2005/agendas/council/cc051026/pof9rpt/cl021.pdf>

and July 25, 2006.

See Approval of the Child Care Service Plan Update

<http://www.toronto.ca/legdocs/2006/agendas/council/cc060725/pof6rpt/cl030.pdf>

## **ISSUE BACKGROUND**

### The Child Care Service Plan

The City's *2005-2009 Child Care Service Plan* adopted by Council in May 2005 and amended in October 2005 to incorporate Best Start funding sets direction to guide the child care system over a period of time and forms the framework for service planning and resource allocation over a five-year period. Recommendations identified through the service planning process focus on four key areas: (i) improving quality of services, (ii) developing a system of services for children; (iii) access and equity and (iv) building public support for child care. The Plan was amended again in July 2006 as a result of reduced funding for Best Start.

### 2007 Provincial Budget Funding for Child Care

The 2007 Provincial Budget announced \$25 million in new funds for child care growing to \$50 million in 2008, plus an additional \$20 million in Multilateral funding from the Federal Government for a total of \$45 million in 2007. Toronto's share was \$6.8 million in 2007 and \$9.1 million in 2008.

The 2007 Best Start Update to the Child Care Service Plan provided an overview of achievements for 2006 and 2007 and identified the impact of inadequate funding on the City's child care system. The plan indicated that the \$6.8 million in additional provincial Best Start funding would be offset by reductions in parent user fees. The report proposed that any reduction in parent revenues not offset by new provincial funding be funded through the Child Care Expansion Reserve Fund.

### Additional New Provincial Money

These newly announced provincial funds reflect child care money passed on from the Federal Government as a result of a Budget 2007 commitment to spend \$250 million for child care. When the Federal Government cancelled the federal / provincial agreements on Early Learning and Child Care, it replaced them with a Universal Child Care Benefit to parents and the introduction of an annual \$250 million Child Care Space Initiative. The latter was designed to create child care spaces through incentives aimed at employers. Pending decisions about the Child Care Spaces Initiative, the Federal Government flowed the \$250 million to the provinces in their 2007 Budget. Ontario's share was \$97 million. It is assumed that in subsequent years, the funding will be included within the Canada Social Transfer.

The Minister has confirmed that the City will receive an additional \$17,357.1 million in Best Start funding for 2007. On an annualized basis in 2008 the current funding commitments grow to \$23, 142.8 million. A portion of these funds are to be set aside for Wage Improvement to increase salaries for child care practitioners.

### Funding for 300 Aboriginal Child Care Spaces

In addition, the Minister also announced an Expression of Interest process to create off-reserve culturally appropriate child care programs for Aboriginal children that is targeted to 14 communities as potential sites for the development of the child care spaces, including Toronto. The intent is to sustain up to 300 new Aboriginal child care spaces province-wide, including capital and operating costs. Fourteen communities, including Toronto, have been selected as potential sites. Both capital and operating funds will be available to support these new spaces.

## COMMENTS

The recent announcement of additional funding for Best Start is good news for Toronto. As a result of both provincial announcements, the City will receive \$24.1 million in additional funding in 2007. On an annualized basis, in 2008 the current funding commitments grow to \$32.2 million.

The City's 2007 Budget anticipated a draw from the Child Care Capital Reserve of approximately \$13.5 million to fund base funding pressures and offset residual impacts of income testing. Although the additional provincial funding is not sufficient to meet all the financial pressures it will mean a substantial reduction to the expected draw from the Child Care Expansion Reserve Fund with draws of approximately \$2.2 million in 2007 and \$7 million in 2008. Based on current service levels, it is expected that the Reserve will not be exhausted until 2010. While it does not fully address the City's funding problem, it goes a long way towards addressing our funding pressures in 2007 and to a lesser extent in 2008.

The additional funding for Wage Improvement will be used to improve hourly wage levels for ECE and untrained staff and to support the establishment of a wage scale for program staff in accordance with the principles outlined in Appendix A. Improving wages of child care staff reduces the rate of staff turnover and improves the quality of child care.

### On the 300 Aboriginal Child Care Spaces:

The Minister has committed to increasing child care for Aboriginal children. MCYS has indicated that since CMSMs and DSSABs are the service system managers for child care, the Expression of Interest Process for the creation of Aboriginal child care will be administered through the local CMSM/DSSAB. An Expression of Interest package was received on July 9, 2007 and proposals are to be submitted by the CMCM/DSSAB by August 8, 2007. The Ministry will select the successful proponents and provide capital and operating funding to the City. Capital funding must be completed by March 31, 2008.

Children's Services met with MCYS officials and agencies delivering programs and services to Aboriginal children and families on July 13, 2007 to discuss the Expression of Interest and ascertain if any agencies are interested in submitting proposals. Children's Services will work with agencies that have express an interest in submitting a proposal and have the capacity to deliver culturally appropriate child care programs for Aboriginal children. This report seeks approval to enter into agreement with successful proponents in the Expression of Interest Process.

Further to this development, Children's Services will be bringing forth an additional Aboriginal Child Care project from the original Best Start funding to Community Development and Recreation Committee in October 2007 for approval. This initiative is a Best Start capital project in accordance with the City's Child Care Service Plan and the Best Start Service and Transition and Infrastructure Plan Phase 2. Only a handful of

Phase 2 projects were recommended to go ahead - the highest priority projects. This project was identified as one such project. It has been underway for some time and its development has included an ongoing consultation process with the Aboriginal community to identify the appropriate site. The new operating funding will support both this project, new services that are created under the current initiative and the current 2 Aboriginal centres.

## **CONTACT**

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## **SIGNATURE**

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Brenda Patterson, General Manager of Children's Services

## **ATTACHMENTS**

Appendix I - Council Directive on Principles for the Allocation of Wage Improvement Funding

## APPENDIX 1

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 shall 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 a service contract, non-profit and commercial.

September 2006