



STAFF REPORT ACTION REQUIRED

Per Diem Rate for Child Care Operators

Date:	June 17, 2008
To:	Community Development and Recreation Committee
From:	General Manager, Children's Services
Wards:	All
Reference Number:	

SUMMARY

This report seeks approval to increase base rates payable to eligible child care operators, family resource programs, special needs resourcing services and home child care provider rates in accordance with City budget guidelines. It also seeks approval to make payments to eligible child care operators for approved Health and Safety projects.

RECOMMENDATIONS

It is recommended that:

- 1) retroactive to January 1, 2008, base funding rate adjustments be made to eligible licensed child care programs, family resource programs, special needs resourcing services and home child care provider rates, in accordance with City budget guidelines and in a manner that maximizes the available provincial subsidy; and
- 2) health and safety funding of \$1.407 million, included in Children's Services' 2008 Approved Capital Budget (\$1.0 million funded from debt and \$0.407 funded by the Province), be paid to eligible child care operators.

FINANCIAL IMPACT

This report will have no financial impact beyond what has already been approved in Children's Services' 2008 Approved Operating and Capital Budgets.

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 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>

Amendments to the Plan were approved at Council meetings of June 27, 28, and 29, 2006 based on updated provincial funding commitments for Best Start for 2006 and principles for a revised Child Care Service Plan.

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

http://www.toronto.ca/children/pdf/update_bsfunding_revservplan.pdf

Council at its meeting of July 25, 26 and 27, 2006 approved the Child Care Service Plan Update.

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

ISSUE BACKGROUND

Per Diem Rate Increases

Recognizing the importance of base rates and payment of actual costs, Principles for Determination of Annual Inflation Based Adjustments were included in the Principles for a Best Start Framework adopted by Council in June 2006 as follows:

- (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 on actual costs, not a flat rate adjustment.
- (iv) Increases must support regular operating cost increases as outlined in Purchase of Service Budget Guidelines.

Children's Services has adhered to these principles through the distribution of wage improvement grants and through paying increases in operator costs to an average of 3% per year. Once again, Children's Services is proposing base funding rate adjustments be made to child care operators/service providers having a contract with the City. Increases to base funding rates are determined in accordance with the City budget guidelines. Increases average 2.5% for 2008 and the total cost was estimated at \$5.8 million for 2008. Funding has been included in the 2008 Approved Operating Budget.

Health and Safety

Each year the Children's Services Division reviews applications for health and safety/playground funding from child care operators against the available funding, Day Nurseries Act and Public Health requirements. Health and safety funds are provided to address urgent health and safety issues and support compliance with Canadian Safety Association playground standards. The Provincial government announced one-time funding for Health & Safety of \$407,000 for our 2007/08 allocation in a memo dated March 5, 2008. This amount is to assist with health and safety needs. The funds are intended to help child care operators with needs such as furnishings and equipment, upkeep of equipment, property maintenance and minor renovations. In addition to Provincial funds, the City has approved \$1.0 million in the Division's 2008 Approved Capital budget for this purpose.

COMMENTS

Per diem rate increase retroactive to January 1, 2008 and the Health and Safety funds are essential for child care operators to meet their costs and provide services in accordance with the City's Operating Criteria.

Current provincial funding for child care is not sufficient to maintain the service growth created under Best Start and the City will draw \$8.7 million from the Child Care Expansion Reserve to support the delivery of 24,000 fee subsidy spaces in 2008.

Provincial funding has not increased to reflect inflationary pressures on the base funding levels whereas annual inflationary increases for child care operators have averaged 3% each year. Without additional provincial funds the impact of meeting actual costs must be managed within the current funding envelope leading to reduced service levels over time.

CONTACT

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SIGNATURE

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