



**STAFF REPORT
ACTION REQUIRED**

Options for Multi-Year Phased in Expansion of After-School Recreation Care (ARC) Program beyond Priority Neighbourhoods

Date:	October 11, 2013
To:	Community Development and Recreation Committee
From:	General Manager, Parks, Forestry and Recreation; and General Manager, Children's Services
Wards:	All
Reference Number:	P:\2013\Cluster A\PFR\CD24-102813-AFS#18089

SUMMARY

This report responds to Council's direction on July 16, 2013 to Parks, Forestry and Recreation (PFR) and Children's Services to investigate options for a multi-year, phased-in expansion of the After-School Recreation Care (ARC) program outside of Priority Neighbourhoods. The report outlines the implications of further expansion on the existing funding structure, the criteria for proposed locations, projected costs and revenues, and considers service level targets, equity objectives, and subsidy and eligibility issues.

RECOMMENDATIONS

The General Managers of Parks, Forestry and Recreation and Children's Services recommend that the Community Development and Recreation Committee:

1. receive this report for information.

Financial Impact

This staff report is for information purposes only and adoption of this report has no direct financial impact.

The 2014 Base Budget Request for ARC is \$2.7 M Gross Expenditures and \$1.5 M Net Expenditures as illustrated in the chart below. This is funded by \$0.8 M grant funding

from the Ministry of Tourism, Culture and Sport, User fee revenue of \$0.3 M, City funding of \$1.5 M the tax base.

Category	ARC Financial Summary (\$000's)								
	2013 Budget	2014 Base Budget Changes	2014 Requested Base	2014 Expansion Impact*	2014 Total	2015 Expansion Impact*	2015 Total	2016 Expansion Impact*	2016 Total
Gross Expenditures	2,255.5	419.1	2,674.6	409.1	3,083.7	712.6	3,796.3	365.6	4,161.9
Revenues	931.9	208.4	1,140.3	34.1	1,174.5	84.9	1,259.4	50.8	1,310.2
Net Expenditures	1,323.6	210.7	1,534.2	375.0	1,909.2	627.7	2,536.9	314.8	2,851.7
# of Children	870.0	120.0	990.0	240.0	1,230.0	240.0	1,470.0	-	1,470.0
# of Sites	29.0	4.0	33.0	8.0	41.0	8.0	49.0		49.0

Notes:

* Indicates the expanded service levels item is not included in the 2014 Operating Budget Submission

This report and the chart below outlines the additional incremental costs of expansion of \$0.409 M Gross Expenditures and \$0.375 M Net in 2014, \$0.7 M Gross and \$0.6 M Net in 2015, and \$0.4 M Gross and \$0.3 M Net in 2016 based on a phased in approach for an additional 16 sites. The estimated Gross Expense of \$0.093 M per site in 2016 is partially funded by parent fees of \$2.34 per child day which contributes to the net financial impact of \$0.082 M per site.

ARC Financial Summary - Estimated Annual Costs									
Category	2014			2015			2016		
	Jan to June	July to Dec	Total	Jan to June	July to Dec	Total	Jan to June	July to Dec	Total
ARC Operating Months									
Gross Expenditures	35,239	373,880	409,119	443,809	677,935	1,121,744	812,257	675,067	1,487,324
Registration Fees	-	34,145	34,145	50,769	68,291	119,059	101,537	68,291	169,828
Net Expenditures	35,239	339,735	374,973	393,040	609,645	1,002,685	710,720	606,777	1,317,497
# of Children	0	240	240		480	480		480	480
# of Sites	0	8	8	8	16	16	16	16	16
Average Gross Expenditure per Site				\$5,476	\$42,371		\$50,766	\$42,192	92,958
Average Net Expenditure per Site				#DIV/0!	#DIV/0!		#DIV/0!	#DIV/0!	82,344

The expanded service levels shown above have not been included in the 2014 Operating Budget submission for Parks, Forestry and Recreation.

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

Equity Impact

The proposed "Options for Multi-Year Phased-in Expansion of After-School Recreation Care Program" beyond Priority Neighbourhoods aims to expand and improve access to recreation. Improvements to recreation access include: access for children, improved local and geographic access to programs and reduced financial barriers for low-income families. Specifically, the proposed expansion addresses financial barriers faced by low-income residents by increasing access to low-cost after-school programming. The

expansion of the program also creates youth employment and training opportunities across the city and integrates access and equity themes into training for program staff.

DECISION HISTORY

Community Development and Recreation Committee Report CD 22.2 from the General Manager, Parks, Forestry and Recreation on Funding, Stabilization and Expansion of the After-School Recreation Care (ARC) Program (June 12, 2013)

<http://www.toronto.ca/legdocs/mmis/2013/cd/bgrd/backgroundfile-59491.pdf>

Report from the General Manager, Children's Services on Toronto Middle Childhood Strategy Implementation Plan (May 8, 2013)

<http://www.toronto.ca/legdocs/mmis/2013/cd/bgrd/backgroundfile-58282.pdf>

Report from the General Manager, Children's Services and the General Manager, Parks, Forestry and Recreation on Introducing a Middle Childhood Strategy for the City of Toronto (October 4, 2012)

<http://www.toronto.ca/legdocs/mmis/2012/cd/bgrd/backgroundfile-50755.pdf>

Community Development and Recreation Committee report CD 26.3, "Ministry of Health Promotion Funding Agreement to Expand and Enhance After-School Recreation Care Programs" (September 30 and October 1, 2009)

<http://www.toronto.ca/legdocs/mmis/2009/cc/decisions/2009-09-30-cc40-dd.htm>

Staff reported to Council on the progress of planning and implementing the After-School Recreation and Care programs in July 2006. See: Policy and Finance Committee, Report 6, Clause 3, "After-School Recreation and Care Program" (July 25, 26 and 27, 2006),

<http://www.toronto.ca/legdocs/2006/agendas/council/cc060725/pof6rpt/cl031.pdf>

City Council, Policy & Finance Committee. Report 9, Clause 32a, "Meeting the Needs of School Aged Children through a Child Care and Recreation Service Model" (November 24, 2005) <http://www.toronto.ca/legdocs/2005/agendas/council/cc051124/pofcl032a.pdf>

ISSUE BACKGROUND

The After-School Recreation Care (ARC) program model was developed in 2005 to address the child care and recreation needs of children six to twelve years old living in vulnerable communities. The selection of each ARC location has utilized criteria such as accessibility, equity, partnerships, and other operational considerations. There have been several interim expansions since the initial development of the program and all locations are currently in areas of city designated 'Priority Neighbourhoods'.

There are currently 33 ARC programs (including 5 Community Leadership After-School Programs) operating in 12 of Toronto's 13 Priority Neighbourhoods. These programs will serve children for 189 days from September 2013 to June 2014. The average site has 30 children; in some sites the registration is as large as 70 children. ARC also provides employment opportunities for approximately 170 staff, many of which live in the

communities they serve. The program has a strong commitment to quality and maintains high standards through annual Toronto Children's Services Consultant visits, over 70 hours per staff in training, and HIGH FIVE Quest evaluations twice per year.

This report outlines an expansion scenario that is separate and in addition to the 2014 Operating Budget request for four additional locations and continued provision of a daily snack for all 33 ARC locations that was identified in the report to council of June 2013.

The ARC program is funded through the following four sources: Ministry of Tourism, Culture and Sport, Parent user fee revenue, City funding from the Social Service Stabilization Reserve Fund and the City tax base. In 2013, these funding sources are projected to fund ARC at the following levels:

- Ministry of Tourism, Culture, and Sport \$0.7 M (or 28% of total),
- Parent user fee revenue \$0.3 M (or 11% of total),
- City-Social Service Stabilization Reserve Fund \$0.2 M (or 8% of total),
- City tax base funding \$1.3 M (or 53% of total).

ARC has a committed funding envelope from the Ministry of Tourism, Culture and Sport for an annually negotiated grant until June 2016. In the 2013-2014 operation years, this amount is \$0.7M with funding allocated by average daily attendance for the 33 locations. The grant requires that program fees are not a barrier to participation; ARC achieves this requirement through the application of Welcome Policy and priority centre programs where there are no fees.

The 2013-2014 parent fee is \$2.34 per child per day, which is approximately 11% of program costs based on current 2013 projections. Participants in the program currently access ARC in three ways: 20% are supported through Welcome Policy, 31% participate in Priority Centres where there are no fees, and 49% pay fees at \$2.34 per day to attend. ARC operates currently at five Priority Centre locations.

It should be noted that the ARC program is relying on the finite and unsustainable Social Service Stabilization Reserve Fund to fund the 4 site expansion and the snack program on a one-time basis in 2013. The budgeted draw from the Reserves in 2013 is \$0.46 M. The maximum allowable annual draw from Reserves of \$0.46 M based on budget would deplete the reserves by the end of 2015.

Social Services Stabilization Reserve Fund for Existing ARC Locations (\$000's)	
Balance of Reserve Fund (October 1, 2013)	\$ 1,303.9
2013 Budget Maximum Draw	\$ 460.0
2013 Ending Balance	\$ 843.9
2014 Budget Maximum Draw	\$ 460.0
2014 Ending Balance	\$ 383.9
2015 Maximum Draw	\$ 383.9
2015 Ending Balance (Projected based on maximum draws)	\$ -

COMMENTS

Expansion Considerations/Criteria

ARC has experienced several interim expansions since the program began operation in 2006. In response to new funding from the Ministry of Culture, Tourism and Sport, in 2013 Parks, Forestry and Recreation expanded some current ARC locations as well as adding an additional four new locations to serve more children. Given the existing need in the current neighbourhoods all new locations were placed within the existing 'Priority Neighbourhoods'. These additional sites began operation in September 2013 for the 2013/14 school year and bring the total number of operating sites to 33 locations.

The placement of ARC in the city has been strategic with all existing sites in areas with high levels of child poverty and poor access to service. Sites have been selected using criteria that reviewed families need and financial accessibility, proximity to schools, other options for care, and local service needs. Currently there is a registration capacity of 1010 children in the 2013-2014 ARC program year. There are 17 locations with waiting lists and a total of 232 children on waiting lists for the existing locations.

The historic expansion of ARC locations and the Base Budget Change of the 2014 is noted in the tables below:

Years of Operation	Number of ARC Locations
2006-2008	21 locations
2009-2010	29 locations (Provincial Funding Grant)
2013-2014	33 locations (Provincial Funding Grant Expansion)

Financial Impact	2014 Base Budget Change				
	Gross Expenditures	Grants	Registration Fees	Revenue Total	Net
Snack	\$ 215,780	\$ 100,000	\$ -	\$ 100,000	\$ 115,780
Expansion	\$ 203,280	\$ 76,560	\$ 31,842	\$ 108,402	\$ 94,878
Total	\$ 419,060	\$ 176,560	\$ 31,842	\$ 208,402	\$ 210,658

The following Criteria would be used as a basis for any further ARC program expansion:

- a) **Middle Years Strategy**
PFR is a partner division with Children's Services in the Middle Years Strategy, expansion of ARC outside of the priority neighbourhoods needs to take place within the Strategy's plan.

A primary driver of the Plan is the strategic realignment that is needed as a result of implementation of Full-Day Kindergarten (FDK) in Ontario, while the core FDK school day is free, optional before- and after-school care is available, where demand exists, at a cost-recovery fee to families. By September 2013, approximately 3,500 more four- and five-year olds had access to a licensed before- and after-school program than in August 2011. This means that larger cohorts of children who have had full-day care arrangements are aging out of kindergarten, as a result the demand for programs for the six to 12 age groups are expected to increase. While programming for the middle childhood has never been sufficient, the issue is being amplified due to these increased expectations.

The Middle Years Strategy implementation plan outlines that using results of an environmental scan, the City will identify service gaps and underserved neighbourhoods and populations. Any expansion of ARC needs to be viewed as a mechanism for filling these identified gaps. Early results of the environmental scan indicate that out of the 179,205 (census, 2011) six to 12 year olds in the City of Toronto, less than 14% of them have access to daily after school care/programs. The scan captured programs that fall into four main categories: licensed child care, PFR programs, Boys and Girls Clubs, and community programs. Licensed child care makes up for 15,883 of the available spaces across the city (as of Summer 2013), or nine per cent of access. Approximately 7,000 of these spaces are occupied by children in receipt of subsidy.

In the event that Council wishes to proceed with an ARC program expansion, PFR would work with Children's Services to identify areas of the City with the largest gap in service and the highest need.

b) 2012-2017 Recreation Service Plan

The Recreation Service Plan (RSP) was approved by City Council in November, 2012. The Plan is a framework that guides the funding and resource allocation of recreation services for the City. The service plan goals aim to increase and improve access to recreation, with specific attention to access for children, reducing barriers faced by low-income families and improve local and geographic access.

Priority centre expansion has been identified in the service plan as an effective way to enhance access for families facing affordability barriers. As a part of the Recreation Service Plan, a revised method for determining the location of Priority Centres will be submitted to Council fall 2013. ARC site expansions must be completed in conjunction with any service planning that recreation completes with regards to priority centre expansion.

c) **Site Considerations**
There are a number of Site requirements in the assessment of any new ARC program locations, these include; proximity to local schools for escorting, existing after-school programs serving school age children in community, facility amenities including: proximity of outdoor space, availability of rooms to accommodate range of programming and space for 30-70 children, storage space, and access to washrooms, kitchen access, and barrier free access. Currently all ARC locations (23) in TDSB and TCDSB schools are partnerships with the local school where space is shared and there are no permit fees. The remaining 10 sites are located in PFR owned community centres. The expansion into new school sites will require a negotiation with both school Boards and there may be additional costs associated with space usage.

d) **Equity Objectives**
ARC programs currently offer an accessible fee structure (Welcome Policy/ Priority Centres/low fee of \$2.34/day) that ensures equitable access for families. The City currently invests base funding, essentially subsidizing the care requirements, for the neediest areas of the city. ARC is an important part of programming for this age group.

When considering a multi- year ARC program expansion, there is a necessity to determine how to find the children with the highest need. Currently the City uses Low Income Cut-Off (LICO) within neighbourhoods to determine need. The City, through Strong Neighbourhoods, is setting new criteria to respond to the most current census reporting. Any site selection criteria for new ARC locations would need to be aligned to the Strong Neighbourhood criteria and results. This would continue to be a priority for any expansion of the program.

e) **Service Levels**
ARC locations have an average site registration of 30 children; however, there are some as large as 70 children. Moving forward with any expansion, the enrolment target will continue to be 30 children to meet operating efficiencies related to staffing costs and available space in shared facilities.

Projected Expansion Costs

The projected cost of expansion takes into account the following considerations:

- **Staffing** - Any further expansion requires the hiring of additional full time program and management staff.
- **Expansion Units** – The most efficient approach is to expand the program in 8 site units, full time staffing structures have been developed to accommodate this. The most effective implementation of an ARC expansion would involve a phased approach of 8 site expansions per school year over two operational school years, starting in September 2014.
- **Size** – each new location is planned for 30 children per site.

- **Locations** - each new location is assumed to be in shared space in schools and PFR owned Community Centres at no cost.
- **Funding** - The existing 33 ARC locations are currently funded through a combination of four sources: provincial funding from Ministry Tourism Culture and Sport (MTCS), parent user fee revenue, City tax base and Social the Service Stabilization Reserve Fund. Further expansion will depend solely on the City tax base and parent user fees,
 - MTCS Funding – The province has indicated that no additional ARC funding will be provided through the Ontario Afterschool Initiative
 - Social Assistance Stabilization Reserve Fund – This fund is allocated to support the current 33 ARC locations. The fund has a current balance of \$1.3 M, and based on budgeted draws, the Reserve will be fully depleted in 2015. Staff do not recommend use of the fund for any ARC expansion as this will result in destabilizing the existing ARC program.
 - User Fees – Revenue projections have been based on the existing fee of \$2.34/day at all locations. Welcome Policy and Priority Centre free access would still be available.

With all staffing and ancillary costs considered, \$1.3 M of annual net tax funding is required for the operation of: 16 ARC locations from January 2016 – December 2016, each site would serve 30 participants and user fees per child per day would remain at \$2.34 for 2014.

The following represents the annual fiscal impact of a 16 site expansion through a phased in approach.

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Average Gross Expenditure per Site				\$49,130	\$38,103		\$43,766	\$37,923	92,958
Average Net Expenditure per Site				\$49,130	\$38,103		\$43,766	\$37,923	82,344

Notes:

- Does not include potential unknown additional expenditures for permit/space use for schools
- Average cost per site includes start up and all full time ancillary costs

Conclusion

This report responds to City Council's direction to investigate a multi-year phase in expansion of ARC programs. It is anticipated that there will be an increase in the demand for quality After-School programs as Full Day Kindergarten continues to become more available and demand for quality after-school programs increase given the importance and need for care when children reach 6 years of age.

Service levels and any expansion of ARC locations need to be aligned with corporate and divisional strategies such as the Middle Childhood Strategy, the Strong Neighbourhood Strategy and the Recreation Service Plan.

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