

Termination of Occupancy Agreements with School Boards

Date: June 11, 2019

To: Economic and Community Development Committee

From: Interim General Manager, Children's Services

Wards: All

SUMMARY

The report responds to a requirement for the General Manager, Children's Services to notify the four participating school boards in August, 2019 of the City's intention to terminate occupancy agreements effective January 1, 2020.

RECOMMENDATIONS

The Interim General Manager, Children's Services recommends that:

1. The Economic and Community Development Committee receive the report for information.

FINANCIAL IMPACT

This report has no financial impact in 2019, as the agreements would end effective January 1, 2020.

A draw from the Child Care Expansion Reserve Fund of \$5.821 million is included in the 2019 Approved Operating Budget for Children's Services as a bridging strategy to support the occupancy agreements. There is no funding budgeted beyond 2019 to support the continuation of the occupancy agreements.

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

DECISION HISTORY

City Council on July 12, 2016, adopted the following:

City Council request that the Minister of Education support the full continuum of learning and the stabilization of early years and child care programs located in school buildings by undertaking the following five actions which were developed collaboratively by the City of Toronto and the Toronto District School Board, the Toronto Catholic District School Board, Conseil Scolaire Viamonde, and Conseil Scolaire de district catholique Centre-Sud (now known as Conseil Scolaire Catholique MonAvenir)

- Improve the funding formula in order to fully fund the occupancy cost of early learning and child care space in schools directly to the school boards.
- Ensure the funding formula takes into account the higher cost of building, operating and maintaining spaces for young children.
- Ensure the funding formula for early learning space is not a per person rate, but a per room rate.
- Ensure the funding formula accounts for the incrementally higher cost of operating before- and after-school programs in shared spaces.
- Ensure that the school utilization formula reflects the improved funding formula and fully accounts for early learning space in schools.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX16.21>

In January 2017, Children's Services submitted a Briefing Note to Budget Committee that provided details on:

- The market rate for space charged in Toronto District School Board schools where occupancy exists; and
- An analysis of the impact of the loss of the Occupancy Grant on full fee parents, including an analysis of the City's current rate and potential occupancy rates based on current school board rates for non-profit and commercial use.

<http://www.toronto.ca/legdocs/mmis/2017/bu/bgrd/backgroundfile-99821.pdf>

In February 2017, City Council increased the 2017 Operating Budget for Children's Services by \$1.133 million gross and net to reinstate for 2017 only, occupancy funding for child care centres located in the four school boards currently covered by the Occupancy Agreement.

Recommendation #126:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX22.2>

In July 2017, City Council approved a bridging strategy to support the ongoing occupancy grants to schools for 2018 and 2019 provided from the Child Care Expansion Reserve fund.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.CD21.9>

The 2018 and 2019 Budgets were subsequently approved with the reinstatement of the School Occupancy Grant Funding.

See page 11 of the 2018 Operating Budget Notes
<https://www.toronto.ca/wp-content/uploads/2018/06/962e-CS-2018-Ops-Public-Book-April-24.pdf>

See page 30 of the 2019 Budget Notes, which notes the \$5.281 million pressure for 2020 associated with the occupancy grant funding
<https://www.toronto.ca/legdocs/mmis/2019/bu/bgrd/backgroundfile-123808.pdf>

ISSUE BACKGROUND

The Ministry of Education's current Education Funding Formula for school boards does not cover the occupancy costs for early learning and child care space in schools. Early years programs are treated as tenants of schools rather than as part of the education system. This approach does not support a continuum of learning or the stabilization of early years and child care programs located in schools.

In recent years, the Ministry of Education has reviewed how early years programs are accommodated in schools and released the Early Years Accommodations in Schools: Reference Guide. This Guide was informed by Working Groups and contains information and guiding principles to help promote transparency, accessibility and efficiency when considering costs for early years service providers operating in schools.
<http://www.edu.gov.on.ca/childcare/accommodations-schools-reference-guide-ey-en.pdf>

At this time, the Province has not committed to including occupancy costs for early years providers operating in schools in the education funding formula. While Children's Services currently funds some occupancy costs for child care centres in schools, the available funding will be exhausted at the end of 2019.

COMMENTS

In August 2019, Children's Services is required to formally notify the four participating school boards of the City's intention to terminate occupancy agreements effective January 1, 2020. A minimum of one hundred and twenty (120) days' notice is required to cancel these agreements.

The 2019 Approved Operating Budget for Children's Services includes funding for some child care occupancy costs in the four school boards. Of 473 child care centres located in schools, 349 are covered by the occupancy agreement and 124 pay occupancy costs to school boards through parent fee and fee subsidy revenue. The annual funding of \$5.821 million has been provided from the Child Care Expansion Reserve Fund as a bridging strategy in 2018 and 2019. The 2019 Budget notes anticipated that the continuation of occupancy grant funding would be a pressure considered through the 2020 budget process. However, with ongoing uncertainty regarding provincial child care funding levels and cost sharing requirements, the continuation of occupancy funding beyond 2019 will need to be considered alongside other priorities.

With the end of the agreements, child care programs will be responsible for occupancy costs as determined by each school board and pay the boards for these costs. Families paying full fees for child care (those who do not receive a fee subsidy) will pay approximately \$1.31 per day more assuming that the school boards allocate costs on a per centre basis. Approximately 18,420 child care spaces in schools covered by the agreement are used by full fee paying families. Fees for parents who receive a fee subsidy will not be impacted as per diems paid to operators on behalf of these families will be adjusted to reflect actual occupancy costs.

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SIGNATURE

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