

New Provincial Child Care Funding for 2013

Date:	January 7, 2013
To:	Budget Committee
From:	General Manager, Children's Services Acting Deputy City Manager and Chief Financial Officer
Wards:	All
Reference Number:	

SUMMARY

This report seeks to adjust the 2013 Recommended Operating Budget for Children's Services to reflect changes in provincial funding for child care as a result of a new provincial child care funding formula and framework. Under the new approach to child care funding in Ontario, the City of Toronto's 2013 allocation will increase by \$8.392 million, with \$7.821 million earmarked for operating expenditures. The remaining \$0.571 million is to assist operators in capital retrofits.

The New Funding Framework was announced in December 2012 and takes effect in January 2013.

RECOMMENDATION

The General Manager, Children's Services and Acting Deputy City Manager and Chief Financial Officer recommend that:

1. City Council approve an adjustment to the 2013 Recommended Operating Budget for Children's Services to replace \$7.821 million in budgeted contribution from the Child Care Expansion Reserve Fund (CCERF) with \$7.821 million of additional funding from the Province. This additional funding is a result of the New Funding Framework for Child Care to take effect in January 2013; and
2. the General Manager, Children's Services, report to City Council, through Community Development and Recreation in 2013 on the impacts of the new funding formula on Toronto's child care system.

Financial Impact

The Province of Ontario has announced a New Funding Framework to take effect in January 2013. The 2013 funding allocations based on the New Funding Framework results in an increase of provincial funding of \$8.392 million, with \$7.821 million earmarked for operating expenditures and \$0.571 million to assist operators in capital retrofits.

Approval of this report will authorize an adjustment of the 2013 Recommended Operating Budget for Children's Services to replace \$7.821 million in budgeted contribution from the Child Care Expansion Reserve Fund (CCERF) with \$7.821 million of additional funding, with \$0 net impact. The \$0.571 million capital transition funding represents a partial contribution of the provincial share of the \$5.000 million Health and Safety program already included in the 2013 Recommended Operating Budget for the division. The increased provincial base funding will reduce the 2013 budgeted withdrawal from the Child Care Expansion Reserve Fund of \$13.983 million to \$6.162 million, a reduction of \$7.821 million, and will extend the life of the reserve fund into mid-2015.

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

DECISION HISTORY

Community Development and Recreation Committee at its meeting of April 24, 2012 requested that the General Manager, Children's Services, report to the June 26, 2012 meeting of the Community Development and Recreation Committee on the proposed use of any new funds arising out of the Ontario budget, such report to address options that will increase child care access and affordability for Toronto families.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.CD12.2>

City Council at its meeting in October 2012 approved report CD15.7 which described the new provincial funding and granting process that Children's Services would use in 2012. City Council also endorsed the City's response to the provincial discussion paper, "Modernizing Child Care in Ontario".

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.CD15.7>

ISSUE BACKGROUND

In June 2012, the provincial government announced new one-time resources to support child care modernization in Ontario totalling \$90 million in 2012/13, \$68 million in 2013/14 and \$84 million in 2014/15.

Subsequently, on December 18, 2012, the provincial government announced a simplified and more flexible child care funding model which takes effect in January 2013. The previous framework was described by the province as out-dated, based on historical

allocations, and unreflective of demand. The revised funding model establishes new rules for allocating provincial child care funds among Consolidated Municipal Service Managers (CMSMs – Children's Services Division is the CMSM for child care in Toronto). Under the new approach to child care funding in Ontario, the City of Toronto's historical share of provincial funding will increase beginning in 2014 (from approximately 22% to 30% of the overall provincial investment in child care). The City of Toronto's 2013 allocation will increase by \$8.392 million (representing 12% of the \$68 million provincial increase for 2013/14). This amount is comprised of \$7.821 million earmarked for operating expenditures and \$0.571 million to assist operators in capital retrofits.

COMMENTS

The new funding and funding formula are both part of the provincial government's commitment to modernizing child care in Ontario as the sector adjusts to the implementation of Full-Day Kindergarten. A full report on the new provincial funding model, how it works, and its implications for child care in Toronto will be provided to City Council through Community Development and Recreation Committee in 2013.

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SIGNATURE

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