



# Toronto 2015 BUDGET

## OPERATING ANALYST NOTES



## Children's Services

### 2015 OPERATING BUDGET OVERVIEW

Toronto Children's Services promotes access to high quality early learning, and provides child care and supports for families through a well-planned and managed system.

All families in Toronto benefit from a range of services that promote healthy child development and family well-being.

#### 2015 Budget Highlights

The total cost to deliver Children's Services to Toronto residents in 2015 is \$424.494 million gross and \$76.716 million net as shown below.

(in \$000's)	2014 Approved Budget	2015 Rec'd Budget	Change	
			\$	%
Gross Expenditures	421,733.2	424,493.6	2,760.4	0.7%
Gross Revenues	345,016.8	347,777.2	2,760.4	0.8%
<b>Net Expenditures</b>	<b>76,716.4</b>	<b>76,716.4</b>	<b>0.0</b>	<b>0.0%</b>

For 2015, Children's Services faced a base pressure of \$2.279 million gross due primarily to inflationary increases for salary and benefits as well as cost-of-living adjustment for purchased child care which was fully offset by line by line review savings, purchased child care expenditure adjustments per actual experience and base revenue changes.

Funding of \$0.535 million is included for a new Toronto Early Learning Child Care Centre (TELCCC) with 36 new spaces, scheduled to open in July 2015, and \$1.070 million in enhanced funding to address new legislated reporting requirements as well as pressures resulting from an expanded child care system.

## Contents

### Overview & Recommendations

I: 2015–2017 Service Overview and Plan	5
II: 2015 Recommended Budget by Service	14
III: Issues for Discussion	22

### Appendices:

1. 2014 Performance	29
2. Operating Budget Request by Expense Category	31
3. 2015 Organization Chart	32
4. Summary of 2015 Service Changes	N/A
5. Summary of 2015 New & Enhanced Service Changes	33
6. Inflows/Outflows to / from Reserves & Reserve Funds	34
7. 2015 User Fee Rate Changes	35

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Fast Facts

- 53 Toronto Early Learning Child Care Centres, including 1 new centre opening in the summer of 2015, directly operated by the City that will add 36 new spaces.
- 4 district offices to manage service delivery.
- Children's Services is the system manager responsible for child care delivery across the City that provides 61,640 spaces of which 24,932 are subsidized.
- There are currently 17,000 children on the waitlist, down from 19,000 in 2013 as a result of increased Provincial funding.

Trend

- Child care subsidies are available to low-income families across the City, regardless of where the family resides. The purpose of the ward equity target is to ensure eligible families have equitable access to a child care subsidy.
- One of the goals of the Child Care Service Plan is to improve geographic equity of the individual wards so that the ward is at 10% equity.
- The percentage of wards meeting the equity target has marginally increased from 50% in 2012 to 52.5% in 2014, and is expected to increase to 67.7% by 2017.

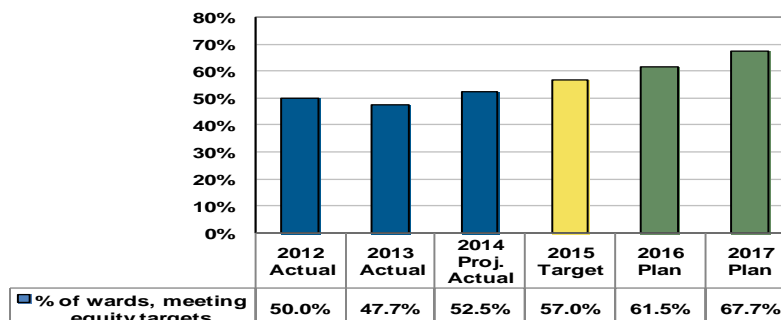
Our Service Deliverables for 2015

Children's Services is responsible for managing Toronto's Child Care system in accordance with the Council approved Child Care Service Plan and Provincial guidelines.

The 2015 Recommended Operating Budget will fund the delivery of the following:

- 24,932 child care subsidies;
- 664 contracted child care centres with contracts for fee subsidy;
- 9 home child care agencies with fee contracts for subsidy;
- 68 additional child care centres with contracts for wage subsidy and wage improvement;
- 53 Toronto Early Learning and Child Care Services centres, and 1 home child care agency;
- 21 programs for children with special needs;
- 45 family support programs;
- 34 summer day programs; and
- 38 After School and Recreation Programs (ARC).

**% of Wards Meeting Equity Targets**



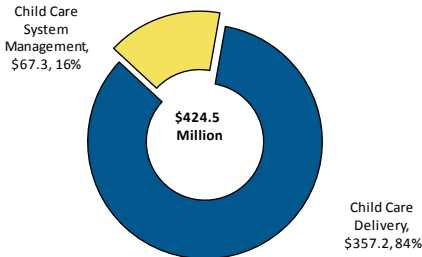
2015 Operating Budget Expenses & Funding

Our Key Challenges & Priority Actions

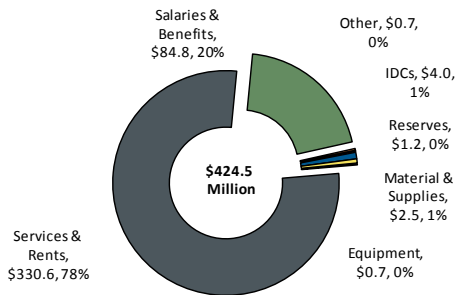
Where the money goes:

2015 Budget by Service

\$424.5 million

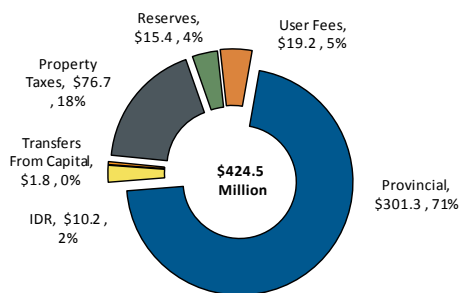


2015 Budget by Expenditure Category



Where the money comes from:

2015 Budget by Funding Source



- **Significant demand for increased child care spaces and subsidies** - The demand for child care subsidies continue to grow and have been further augmented by the implementation of full-day kindergarten (FDK) which will be fully implemented by 2015.
  - ✓ In 2015, Children's Services will bring forward the **2015-2019 Service Plan**, which will address among other things, the on-going modernization of child care, expanding age appropriate programs for children aged 6-12 and a capital strategy to ensure the availability of community based child care spaces.
  - ✓ Explore options to expand the After School Recreation and Care (ARC) Program in partnership with Parks, Forestry and Recreation as part of Middle Childhood Implementation Plan.
- **Funding the child care system modifications in response to changes in legislative requirements and an increase in service demand.**
  - ✓ Funding of \$1.070 million is included as an Enhanced Priority, namely, Service System Management, to help manage pressures created by the expanded child care system and from significant Provincial policy and legislative changes, including resources needed to implement a new child care funding model.

2015 Operating Budget Highlights

The 2015 Recommended Operating Budget for Children's Services of \$76.716 million net is equivalent to the 2014 Approved Net Budget.

- The Program was able to achieve a balanced budget through line by line review savings as well as increased provincial revenues.
- Funding of \$1.070 million is included for 1 key enhanced priority, namely, Service System Management that will enable the Program to better manage the pressures emerging from the expanding child-care system as well as on-going changes to the Provincial legislations that require enhanced reporting.

## Recommendations

The City Manager and Chief Financial Officer recommend that:

1. City Council approve the 2015 Recommended Operating Budget for Children's Services of \$424.494 million gross, \$76.716 million net, for the following services:

	Gross	Net
<u>Service:</u>	<u>(\$000s)</u>	<u>(\$000s)</u>
Child Care Delivery:	357,219.0	64,434.0
Child Care System Management:	67,274.6	12,282.4
Total Program Budget	<u>424,493.6</u>	<u>76,716.4</u>

2. City Council approve the 2015 recommended service levels for Children's Services as outlined on pages 16 and 20 and the associated staff complement of 982.6 positions; and
3. City Council approve the user fees recommended for discontinuation as identified in Appendix 7c in the 2015 Recommended Operating Budget Analyst Notes for Children's Services, for inclusion in the Municipal Code Chapter 441, User Fees and Charges.



## **Part I:**

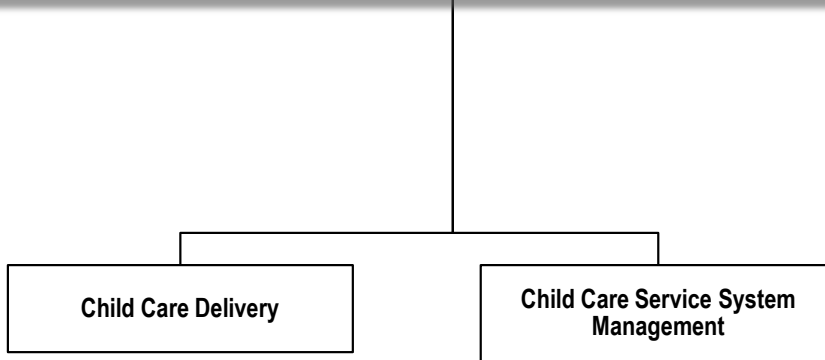
2015 – 2017

Service Overview and  
Plan

# Program Map Toronto

**Children's Services**

*The Children's Services Program is the service system manager of childcare within Toronto. In partnership with the community, the program promotes equitable access to high quality care for children and support for families and caregivers. An integrated approach to planning and management ensures that services to children promote early learning and development, respond to families' needs and choices and respect the diversity of Toronto's communities.*



**Purpose:**  
*To deliver high quality child care in high needs communities.*

**Purpose:**  
*To plan and manage Toronto's Child Care system in accordance with Council approved Child Care Service Plan and provincial guidelines. To grant child care subsidies to eligible families in accordance with provincial guidelines and Council approved principles of age and geographic equity.*

Legend:

	Program		Activity
	Service		

Service Customer

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**Child Care Delivery**

- Parents / Guardians
- Children in Child Care
- Child Care Service Providers
- Families and Children

**Child Care Service System Management**

- Parents / Guardians
- Province of Ontario
- Child Care Service Providers
- Children in Child Care
- Families and Children

**2015 Service Deliverables**

The 2015 Recommended Operating Budget of \$424.494 million gross and \$76.716 million net for Children's Services will enable the Program to fund:

- 24,932 child care subsidies;
- 664 contracted child care centres with contracts for fee subsidy;
- 9 home child care agencies with fee contracts for subsidy;
- 68 additional child care centres with contracts for wage subsidy and wage improvement;
- 53 Toronto Early Learning and Child Care Services centres, and 1 home child care agency;
- 21 programs for children with special needs;
- 45 family resource centres;
- 34 summer support program; and
- 38 After School and Recreation Programs (ARC).

**Table 1**  
**2015 Recommended Operating Budget and Plan by Service**

(In \$000s)	2015 Recommended Operating Budget					2015 Rec.d vs. 2014		Incremental Change 2016 and 2017 Plan			
	2014		2015 Rec'd Base	2015 Rec'd New/Enhanced	2015 Rec'd Budget	Budget Approved Changes		2016		2017	
	Approved Budget	Projected Actual				\$	%	\$	%	\$	%
<b>By Service</b>	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
<b>Child Care Delivery</b>											
Gross Expenditures	353,687.5	341,887.5	356,291.6	927.4	357,219.0	3,531.5	1.0%	6,111.1	1.7%	4,933.3	1.4%
Revenue	287,704.9	275,904.9	291,857.6	927.4	292,785.0	5,080.1	1.8%	44.0	0.0%	(8,274.5)	(2.8%)
<b>Net Expenditures</b>	<b>65,982.6</b>	<b>65,982.6</b>	<b>64,434.0</b>		<b>64,434.0</b>	<b>(1,548.6)</b>	<b>(2.3%)</b>	<b>6,067.1</b>	<b>9.4%</b>	<b>13,207.8</b>	<b>18.7%</b>
<b>System Management</b>											
Gross Expenditures	68,045.7	66,845.7	67,132.4	142.2	67,274.6	(771.1)	(1.1%)	(112.6)	(0.2%)	(37.6)	(0.1%)
Revenue	57,311.9	56,111.9	54,850.0	142.2	54,992.2	(2,319.7)	(4.0%)	(295.2)	(0.5%)	(8,604.2)	(15.7%)
<b>Net Expenditures</b>	<b>10,733.8</b>	<b>10,733.8</b>	<b>12,282.4</b>		<b>12,282.4</b>	<b>1,548.6</b>	<b>14.4%</b>	<b>182.6</b>	<b>1.5%</b>	<b>8,566.6</b>	<b>68.7%</b>
<b>Total</b>											
Gross Expenditures	421,733.2	408,733.2	423,424.0	1,069.6	424,493.6	2,760.4	0.7%	5,998.5	1.4%	4,895.7	1.2%
Revenue	345,016.8	332,016.8	346,707.6	1,069.6	347,777.2	2,760.4	0.8%	(251.2)	(0.1%)	(16,878.7)	(4.9%)
<b>Total Net Expenditures</b>	<b>76,716.4</b>	<b>76,716.4</b>	<b>76,716.4</b>		<b>76,716.4</b>			<b>6,249.7</b>	<b>8.1%</b>	<b>21,774.4</b>	<b>26.2%</b>
<b>Approved Positions</b>	<b>955.7</b>	<b>930.7</b>	<b>974.6</b>	<b>8.0</b>	<b>982.6</b>	<b>26.9</b>	<b>2.8%</b>	<b>5.4</b>	<b>0.5%</b>	<b>(8.0)</b>	<b>-0.8%</b>

The 2015 Recommended Operating Budget for Children's Services of \$424.494 million gross and \$76.716 million net is equivalent to the 2014 Approved Net Operating Budget.

- Base pressures, common to both services provided by Children's Services, are driven by contractual inflationary costs for salary and benefits totaling \$1.718 million, the cost of living adjustments for purchased child care amounting to \$5.667 million and \$1.201 million to implement the new child care funding model which will be reversed in 2017.
- The *Child Care Delivery Service* is further experiencing base pressures of \$0.535 million in 2015 from the new Toronto Early Learning Child Care Centre Service (TELCCS) centre scheduled to open in the summer of 2015.
- The above base pressures were fully offset by base expenditure savings including:
  - a reduction in the cost for purchased child care to align the actual per diem with the age mix that reflects the implementation of Full Day Kindergarten (FDK) amounting to \$6.530 million;
  - a reduction of \$0.452 million in other non-salary expense accounts to reflect actual experience;
  - revenue changes of \$2.279 million primarily due to increased Provincial subsidy.
- The 2015 Recommended Operating Budget also includes funding of \$1.070 million for 1 new enhanced priority, namely, *Child Care Service System Management* to assist the Program to better manage pressures created by the expanded child care system and the changing Provincial legislative requirements.
- The 2016 and 2017 Plans reflect the inflationary cost increases for the purchased child care, progression pay, step and fringe benefits, as well as the increase in solid waste fees. The opening of the new TELCCS centre in 2015 will result in an annualized impact of \$0.392 million net and 5.4 new positions in 2016. As 2016 is a collective bargaining year, no cost of living allowance estimate has been included.



Approval of the 2015 Recommended Operating Budget will result in Children's Services increasing its total staff complement by 26.9 positions from 955.7 to 982.6, as highlighted in the table below:

**Table 2**  
**2015 Recommended Total Staff Complement**

Changes	2015 Budget			Plan	
	Child Care Delivery	Child Care System Management	Total	2016	2017
<b>2014 Approved Complement</b>	915.5	40.2	955.7		
In-year Adjustments					
<b>Adjusted 2014 Staff Complement</b>	915.5	40.2	955.7		
<b>Recommended Change in Staff Complement</b>					
Prior Year Impact					
Operating Impacts of Completed Capital Project					
Capital Project Delivery					
Service Efficiency Implementation System	2.0		2.0		1.0
Block 31 Program Management *	1.0		1.0		
Base Changes					
New Funding Model Implementation	9.0		9.0		(9.0)
Opening New TELCCS Centre	6.9		6.9	5.4	
Service Changes					
New / Enhanced Service Priorities					
Service System Management	8.0		8.0		
<b>Total</b>	<b>942.4</b>	<b>40.2</b>	<b>982.6</b>	<b>5.4</b>	<b>(8.0)</b>
<b>Position Change Over Prior Year</b>	<b>26.9</b>		<b>26.9</b>	<b>5.4</b>	<b>(8.0)</b>
<b>% Change Over Prior Year</b>	<b>2.94%</b>		<b>2.81%</b>	<b>0.5%</b>	<b>(0.8%)</b>

\* Project manager position funded from Operating Budget from PFR.

The 2015 Recommended Operating Budget includes an increase of 26.9 positions, with 18.9 additional base positions and 8 positions recommended for enhanced service priorities resulting from the following initiatives, with all of the changes to occur in the Child Care Delivery Service:

- 9 temporary positions are necessary to assist in the implementation of the new child care funding model by developing and implementing the policies, systems and monitoring, reporting and contractual requirements at the municipal level that integrate the new Provincial framework guidelines. This initiative will require the division to update 664 existing contracts and enter into up to 208 new contracts. These positions are required for a 2 year term, and will be eliminated in 2017.
- 6.9 new permanent child care worker positions are required in 2015, with the annualized 2016 impact of an additional 5.4 positions to provide service in the new Toronto Early Learning Child Care Centre opening in 2015, which will provide an additional 36 spaces.
- 2 temporary Business Analyst positions are required, funded from capital, to deliver the IT system upgrades through the implementation of the changes in the Service Efficiency project included in the 2015 -2024 Recommended Capital Plan.

- 1 temporary project manager position is required, funded from Parks, Forestry and Recreation's Operating Budget, to deliver the Block 31 Child Care Centre.
- 8 new positions are required for 1 enhanced priority to help manage the pressures in the expanded child care system. Please refer to the discussion in New Enhanced Section, page 12.

The 2015 Recommended Operating Budget for Children's Services includes base expenditure pressures of \$2.279 million net as detailed below:

**Table 3**  
**Key Cost Drivers**

(In \$000s)	2015 Recommended Operating Budget		Total Rec'd 2015 Base Budget
	Child Care Delivery	System Management	
<b>Gross Expenditure Changes</b>			
<b>Prior Year Impacts</b>			
<b>Economic Factors</b>			
Non payroll, primarily COLA for purchased child care	5,532.0	134.6	5,666.6
Corporate charges	25.9	0.5	26.4
Adjustment for per diem mix	(5,788.3)	(742.0)	(6,530.3)
<b>COLA and Progression Pay</b>			0.0
Salaries & Benefits	301.8	(247.8)	54.0
COLA	1,225.4	78.6	1,304.0
Progression Pay	304.6	55.4	360.0
<b>Other Base Changes</b>			
New TELCCS Child Care Centre	535.0		535.0
New Funding Model Implementation	962.1	239.0	1,201.1
Reduction in Expenditures to Reflect Actual Experience	(993.4)	541.9	(451.5)
Capital Retrofits Provincial Subsidy Realignment		(317.6)	(317.6)
IDC increases, primarily increase in facilities costs and harmonized solid waste fees	323.2	92.5	415.7
Toronto Police Vulnerable Sector Screening Fees	13.3	2.4	15.7
<b>Total Gross Expenditure Changes</b>	<b>2,441.6</b>	<b>(162.5)</b>	<b>2,279.1</b>
<b>Revenue Changes</b>			
Family Fee Revenue	(132.1)		(132.1)
Adjustment to Reserve Contribution Based on Funding Needs	405.0	(126.9)	278.1
Increase in 2015 Provincial Subsidy *	(4,263.1)	1,838.0	(2,425.1)
<b>Total Revenue Changes</b>	<b>(3,990.2)</b>	<b>1,711.1</b>	<b>(2,279.1)</b>
<b>Net Expenditure Changes</b>	<b>(1,548.6)</b>	<b>1,548.6</b>	

\* Total 2015 increase in Provincial funding \$2.960 million, with \$2.425 million in base funding, and \$0.535 million to fund the recommended enhanced service priority.

Key cost drivers for Children's Services are as follows:

- Non-payroll inflationary cost increases, primarily COLA for purchased child care services of \$5.667 million which has been more than offset by savings of \$6.530 million as a result of adjusting the per diem for purchased child care, reflecting the implementation of Full Day Kindergarten (FDK) and by bringing the mix of child care spaces in line with the different age groups.
- Cost of living adjustments, including contractually obligated cost of living allowance, progression pay and associated fringe benefit adjustments, common amongst all services total \$1.718 million.
- Other Base Changes further add a pressure of \$1.617 million; \$1.201 million for an additional 9 temporary positions to implement the new child care funding model which will be reversed in 2017 and \$0.416 million in increased interdepartmental charges for facilities maintenance and the harmonization of solid waste fees.
- The *Child Care Delivery Service* is further experiencing base pressures of \$0.535 million in 2015 for the new TELCCS centre scheduled to open in the summer of 2015.
- These base changes were partially offset by a reduction of \$0.452 million in other non-salary expense accounts to match actual experience.
- Revenue Changes of \$2.279 million as below are recommended:
  - Inflationary increase of \$0.132 million in family fee revenue representing the third year of a phased-in fee increase based on full cost recovery as approved by City Council in 2012.
  - Adjustment of \$0.278 million in funding from the Child Care Expansion Reserve.
  - Increase of \$2.425 million in Provincial subsidy to fund base pressures. Children's Services will be reporting on the final 2015 Provincial allocation to reflect increases in the Provincial subsidy, once confirmed.
- A number of technical adjustments within the 2 services are being recommended that are necessary to realign gross expenditures and revenues to better reflect the cost of service delivery. The impact of these adjustments reflects an increase in System Management Service of \$1.549 million net, which is offset by a comparable decrease in Child Care Delivery Service with no overall impact.

**Table 5**

**2015 Total Recommended New & Enhanced Service Priorities Summary**

Description (\$000s)	New and Enhanced				Total Rec'd Service			Incremental Change			
	Child Care Delivery		Child Care System Management		\$'s	\$'s	Position	2016 Plan		2017 Plan	
	Gross	Net	Gross	Net	Gross	Net	#	Net	Pos.	Net	Pos.
<b>Enhanced Services Priorities</b>											
Child Care System Management	927.4		142.2		1,069.6		8.0				
<b>Sub-Total</b>	927.4		142.2		1,069.6		8.0				
<b>Total</b>	927.4		142.2		1,069.6		8.0				

**Recommended Enhanced Service Priorities (\$1.070 million gross and \$0.0 million net)**

*Service System Management (\$1.070 million gross and \$0 net)*

- 8 new permanent positions are required to help manage the expanded child care system resulting from significant Provincial policy and legislative changes, the implementation of Full Day Kindergarten (FDK), and new funding framework, which includes new legislation, intended to modernize child care and implement a Wage Enhancement program for front-line child care workers. Funding for these positions is cost shared with the Province.
- The new positions will provide the following activities:
  - 3 IT positions are required to manage the Program's expanded on-line reporting requirements;
  - 1 consultant position is required for French language services under the auspices of the French Language Services Act;
  - 1 coordinator position is required for enhanced complement management responsibilities; and
  - 3 policy development positions are required to develop a capital strategy to increase spaces in the city-wide child care system; lead the implementation of the Middle Childhood Strategy; and help implement the automated income verification system required for improved subsidy management between CS, TESS, and SSHA.
- Approval of the 2015 Recommended Base Budget for Children's Services will result in a 2016 incremental increase of \$6.250 million net and a incremental increase of \$21.774 million net in 2017 to maintain the same level of service as discussed in the next section.

**Table 6**  
**2016 and 2017 Plan by Program**

Description (\$000s)	2016 - Incremental Increase					2017 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	# Positions	Gross Expense	Revenue	Net Expense	% Change	# Positions
<b>Known Impacts:</b>										
Prior Year Impact: Keele St Project Completion	(295.2)	(295.2)								
Progression Pay & Step Increases	360.0		360.0	0.5%		360.0		360.0	0.4%	
Annualization - New Child Care Centres	392.2		392.2	0.5%	5.4					
Annualization of Funding Model Implementation						(1,201.2)	(1,201.2)			(9.0)
Operating Impact of Capital						51.0		51.0	0.1%	1.0
Revenue - Inflation User Fee		44.0	(44.0)				44.0	(44.0)		
Actual Cost of Child Care	5,510.9		5,510.9	7.2%		5,654.9		5,654.9	6.8%	
Increase in Solid Waste Fees	30.7		30.7	0.0%		30.7		30.7	0.0%	
Increase in IT Services						0.3		0.3	0.0%	
Depletion of Reserves							(15,721.5)	15,721.5	18.9%	
<b>Sub-Total</b>	<b>5,998.6</b>	<b>(251.2)</b>	<b>6,249.8</b>	<b>8.1%</b>	<b>5.4</b>	<b>4,895.7</b>	<b>(16,878.7)</b>	<b>21,774.4</b>	<b>26.2%</b>	<b>(8.0)</b>
<b>Total Incremental Impact</b>	<b>5,998.6</b>	<b>(251.2)</b>	<b>6,249.8</b>	<b>8.1%</b>	<b>5.4</b>	<b>4,895.7</b>	<b>(16,878.7)</b>	<b>21,774.4</b>	<b>26.2%</b>	<b>(8.0)</b>

Future year incremental costs are attributed to the following:

#### Known Impacts

- Progression pay, step and fringe benefits will result in increased pressure of \$0.360 million in 2016 and 2017. Since 2016 is a collective bargaining year, no estimate for the cost of living allowance is included.
- Annualized impact of the new Weston Road Child Care Centre scheduled to open in July, 2015 is \$0.392 million, with 5.4 additional positions required in 2016.
- Savings of \$1.201 million and reduction of 9 positions is included in 2017, reflecting the completion of the New Funding Model Implementation project.
- Operating Impact of Capital of \$0.051 million to fund 1 IT position in 2017 is required to sustain the Service Efficiency Implementation project.
- Revenue increase of \$0.044 million is included in 2016 and in 2017 to reflect the inflationary impact of family fee increases.
- Actual Cost of Child Care is projected to increase by \$5.511 million in 2016 and by \$5.655 million in 2017 to fund the COLA increase for purchased child care.
- Solid Waste Fee is projected to increase by \$0.031 million in both 2016 and 2017 to reflect the phase-in of commercial rates.
- IT Service Contract increase in 2017 will result in a pressure of \$0.003 million.
- Depletion of the Child Care Expansion Reserve Fund will result in a \$15.721 million pressure in 2017.



## **Part II:**

2015 Recommended  
Budget by Service

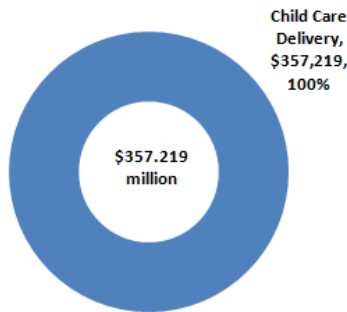
# Child Care Delivery



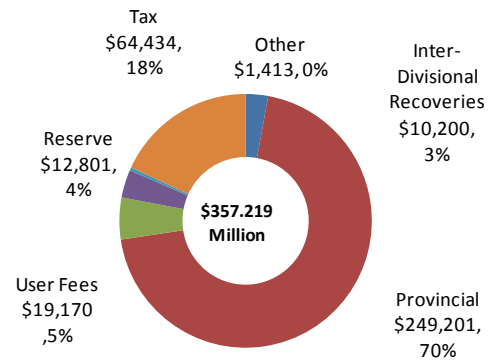
## What We Do

- Provide 24,932 fee subsidies to help eligible families with the high cost of early learning and care.
- Provide Family Well-Being Support services, which include supports to families to address their personal circumstances or special needs.
- Deliver child care directly through the Toronto Early Learning and Child Care Services that provides enriched early learning and care service to families in high-need and under-served neighborhoods with a focus on skill development and school readiness.
- Deliver in partnership with PF&R recreation programs programs (ARC).

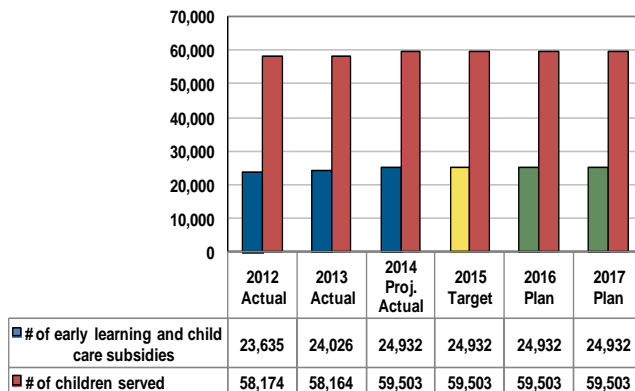
## 2015 Service Budget by Activity (\$000s)



## Service by Funding Source (\$000s)



## Number of Early Learning and Child Care Subsidies



- Children's Services will deliver 24,932 child care subsidies in 2015 which are allocated across City wards based on the proportion of children in the ward who are living below the poverty line, reflecting an increase of 668 subsidies from 2014.
- The number of children served has increased from 58,174 in 2012 to 59,503 in 2014 due to system expansion.

**2015 Service Levels  
Child Care Delivery**

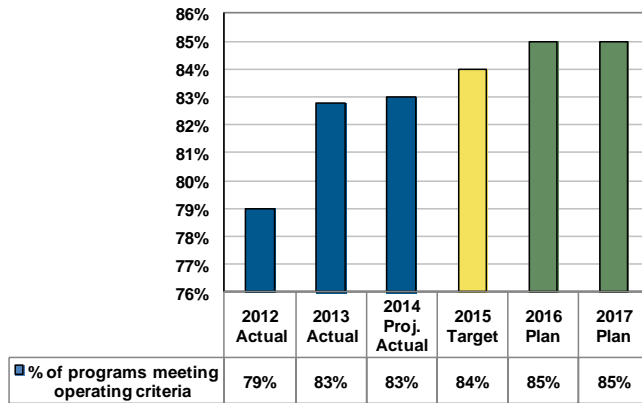
The 2015 Recommended Service Levels are consistent with the approved 2014 Service Levels

Type	Sub-Type	Status	Service Levels			2015 Rcommended
			2012	2013	2014	
Early Learning and Care Information		Approved	annual			
Enriched Early Learning and Care	School aged Children - % occupancy of school aged children placed through Toronto Early Learning and Child Care Services	Approved	94% of the 98% occupancy target achieved			
	Kindergarten aged Children - % occupancy of Kindergarten aged children placed through Toronto Early Learning and Child Care Services	Approved	98% of the 98% occupancy target achieved			
	Pre-School Children - % occupancy of Pre-school Children placed through Toronto Early Learning and Child Care Services	Approved	99% of the 98% occupancy target achieved	96% of the 98% occupancy target achieved		
	Toddlers - % occupancy of Toddlers placed through Toronto Early Learning and Child Care Services	Approved	98% of the 98% occupancy target achieved	96% of the 98% occupancy target achieved		
	Infants - % occupancy of Infants placed through Toronto Early Learning and Child Care Services	Approved	100% of the 98% occupancy target achieved			
Family Financial Support	Wage Subsidy	Approved	annual			
	Special Needs Subsidy	Approved	annual			
	Child Care Fee Subsidy	Approved	annual			
	Family Resource Centre Subsidy	Approved	annual			
	City Funded Grants	Approved	annual			
Family Well-Being Support Care		Approved	annual			



## Service Performance

### Percentage of Programs Meeting Operating Criteria



- All child care centres with a service contract for fee subsidy are assessed for quality standards. This assessment rates a centre's activities, learning, health, safety, adult/child interactions and nutrition by comparing them to the standards laid out in the Toronto Operating Criteria, a tool used to evaluate the City's expectations of quality for child care programs.
- Ratings for each of the 635 centres are posted on the Children's Services Website, which provides results for the current year, along with comparisons to the previous year and the average of all centres.
- The number of centres meeting operating criteria has increased from 79% in 2012, with projections of 83% in 2014. Centres are projected to be at 85% by 2017.

**Table 7**  
**2015 Recommended Service Budget by Activity**

(\$000s)	2014	2015 Recommended Operating Budget							Incremental Change						
	Approved Budget	Base Budget	Rec'd Service Changes	2015 Rec'd Base	Rec'd Base Budget vs. 2014 Budget	% Change	Rec'd New/Enhanced	2015 Rec'd Budget	2015 Rec'd Budget vs. 2014 Budget		2016 Plan		2017 Plan		
	\$	\$	\$	\$	\$	%	\$	\$	\$	%	\$	%	\$	%	
<b>GROSS EXP.</b>															
Child Care Delivery	353,687.5	356,291.6		356,291.6	2,604.1	0.7%	927.4	<b>357,219.0</b>	3,531.5	1.0%	6,111.1	1.7%	4,933.3	1.4%	
<b>Total Gross Exp.</b>	353,687.5	356,291.6		356,291.6	2,604.1	0.7%	927.4	<b>357,219.0</b>	3,531.5	1.0%	6,111.1	1.7%	4,933.3	1.3%	
<b>REVENUE</b>															
Child Care Delivery	287,704.9	291,857.6		291,857.6	4,152.7	1.4%	927.4	<b>292,785.0</b>	5,080.1	1.8%	44.0	0.0%	(8,274.5)	(2.8%)	
<b>Total Revenues</b>	287,704.9	291,857.6		291,857.6	4,152.7	1.4%	927.4	<b>292,785.0</b>	5,080.1	1.8%	44.0	0.0%	(8,274.5)	(2.9%)	
<b>NET EXP.</b>															
Child Care Delivery	65,982.6	64,434.0		64,434.0	(1,548.6)	(2.3%)		<b>64,434.0</b>	(1,548.6)	(2.3%)	6,067.1	9.4%	13,207.8	18.7%	
<b>Total Net Exp.</b>	65,982.6	64,434.0		64,434.0	(1,548.6)	(2.3%)		<b>64,434.0</b>	(1,548.6)	(2.3%)	6,067.1	9.4%	13,207.8	18.7%	
<b>Approved Positions</b>	915.5	934.1		934.1	18.6	2.0%	8.0	<b>942.1</b>	26.6	2.9%	5.4	0.6%	(8.0)	(0.9%)	

The 2015 Recommended Operating Base Budget for Child Care Delivery Service of \$356.292 million gross and \$64.434 million net is \$1.549 million or 2.3% below the 2014 Approved Net Budget.

The **Child Care Delivery Service** provides 24,932 fee subsidies through the use of contracted child care service delivery and through the 53 TELCC centres that help eligible families meet the cost of early learning and care

- Base budget pressures are due mainly to salary and benefits increases, the cost-of-living-adjustments for purchased child care and pressures to implement the new child care funding model, as well as for the new TELCCS centre scheduled to open in July, 2015.
- The base budget reductions in the cost for purchased child care, reductions identified through line-by-line reviews and an increase in Provincial subsidy and family fee revenues were able to more than offset the base-budget pressures bringing the base budget to \$1.549 million or 2.3% under the 2014 Approved Budget.
- The 2015 Recommended Operating Budget for Child Care Delivery Service includes funding of \$0.927 million for the Service System Management enhanced priority to add 8 new permanent positions which will assist in managing pressures created by the expanded child care system resulting from significant Provincial policy and legislative changes.
- The 2016 and 2017 plans reflect the inflationary cost increases for the purchased child care, progression pay, step and fringe benefits, as well as the increase in solid waste fees. The opening of the new TELCCS centre in 2015 will result in annualized impact of \$0.392 million net and 5.4 new positions in 2016. As 2016 is a collective bargaining year, no cost of living allowance estimate has been included. The depletion of the Child Care Expansion Reserve fund, primarily used to fund on-going base budget pressures to maintain the provision of child care subsidies, will result in a \$8.275 million pressure in 2017.

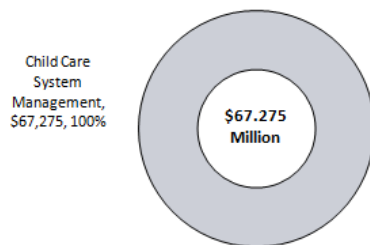
# Child Care System Management



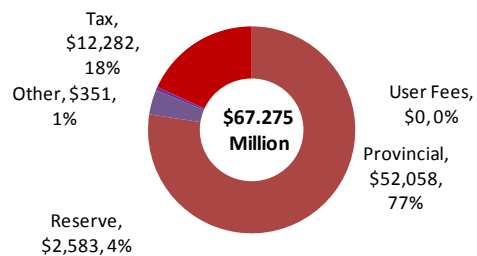
## What We Do

- Plan and manage Toronto's Child Care system in accordance with the Council approved Child Care Service Plan and Provincial guidelines.
- As Consolidated Municipal Service Manager (CMSM) for the City of Toronto, plan and implement policies and programs within the Provincial legislative framework that are designed to meet specific local requirements. In this capacity, the City develops and implements planning processes and programs to address service gaps and ensure that local goals are met.
- Through administration of Best Start Wage Improvement, Wage Subsidy, Pay Equity and Occupancy grants, enable providers to maintain affordability of child care services, and partner with stakeholders, including community agencies, other levels of government, school boards and families to better meet the needs of Toronto's children and families.

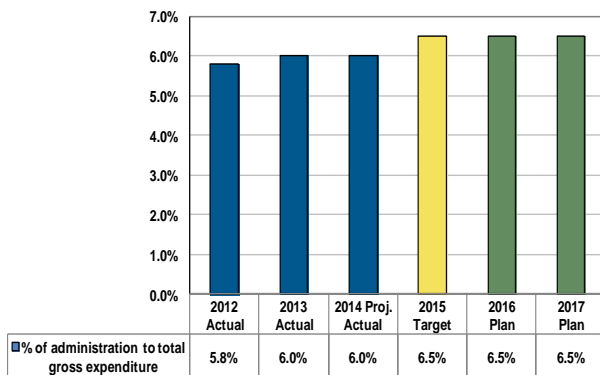
## 2015 Service Budget by Activity (\$000s)



## Service by Funding Source (\$000s)



## Efficiency: Administration as a Percentage of Total Gross Expenditures



- Historically, the cost of program delivery has been maintained between 5% and 6% of the Program's gross expenditures. For 2015 and 2016 through 2017, administrative costs are projected to temporarily increase slightly to 6.5%, reflecting the impact of managing the expanded child care system, additional Provincial reporting requirements and the new funding model.
- Administrative cost ratios have historically been kept significantly below the Provincial guideline of 10%.

**2015 Service Levels  
Child Care System Management**

Type	Sub-Type	Status	Service Levels			
			2012	2013	2014	2015 Rcommended
Integrated Service System Planning	Service Plan	Approved	100%			
	Service Plan - Curriculum Development	Approved	100%			
	Service Plan - Policy Development	Approved	100%			
	Children's Report Card - # children's report cards updated	Approved	Quarterly			
Early Learning and Care Quality		Approved	annual			
Early Learning and Care Capacity		Approved	annual			
Research and Innovation		Approved	annual			
Service Providers Financial Support - # of Service Providers with Financial Support		Approved	Quarterly			

The 2015 Recommended Service Levels are consistent with the approved 2014 Service Levels.

Table 7

2015 Recommended Service Budget by Activity

(\$000s)	2014		2015 Recommended Operating Budget						Incremental Change					
	Approved Budget	Base Budget	Rec'd Service Changes	2015 Rec'd Base	Rec'd Base Budget vs. 2014 Budget		Rec'd New/Enhanced	2015 Rec'd Budget	2015 Rec'd Budget vs. 2014 Budget		2016 Plan		2017 Plan	
					\$	%			\$	%	\$	%	\$	%
<b>GROSS EXP.</b>														
Child Care System Management	68,045.7	67,132.4		67,132.4	(913.3)	(1.3%)	142.2	<b>67,274.6</b>	(771.1)	(1.1%)	(112.6)	-0.2%	(37.6)	(0.1%)
<b>Total Gross Exp.</b>	68,045.7	67,132.4		67,132.4	(913.3)	(1.3%)	142.2	<b>67,274.6</b>	(771.1)	(1.1%)	(112.6)	-0.2%	(37.6)	(0.1%)
<b>REVENUE</b>														
Child Care System Management	57,311.9	54,850.0		54,850.0	(2,461.9)	(4.3%)	142.2	<b>54,992.2</b>	(2,319.7)	(4.0%)	(295.2)	-0.5%	(8,604.2)	(15.7%)
<b>Total Revenues</b>	57,311.9	54,850.0		54,850.0	(2,461.9)	(4.3%)	142.2	<b>54,992.2</b>	(2,319.7)	(4.0%)	(295.2)	-0.5%	(8,604.2)	(18.7%)
<b>NET EXP.</b>														
Child Care System Management	10,733.8	12,282.4		12,282.4	1,548.6	14.4%		<b>12,282.4</b>	1,548.6	14.4%	182.6	1.5%	8,566.6	68.7%
<b>Total Net Exp.</b>	10,733.8	12,282.4		12,282.4	1,548.6	14.4%		<b>12,282.4</b>	1,548.6	14.4%	182.6	1.5%	8,566.6	68.7%
<b>Approved Positions</b>		40.5		40.5	40.5			<b>40.5</b>	40.5				1.0	2.4%

The 2015 Recommended Operating Base Budget for Child Care System Management Service of \$67.132 million gross and \$12.282 million net is \$1.549 million or 14.4% over the 2014 Approved Net Budget.

The **Child Care System Management Service** plans and manages Toronto's Child Care system in accordance with Council approved Child Care Service Plan and Provincial guidelines.

- Base budget pressures are mainly due to the cost of living adjustments for purchased child care amounting to \$0.135 million and inflationary cost of increase related to salary and benefits. Other base pressures include \$0.239 million to plan and implement the new child care funding model.
- Revenue changes for this Service reflect a reduction of revenues of \$1.711 million necessitated by the need to realign the Provincial subsidy and reserve contribution between the 2 services to better reflect actual expenditures.
- The base budget pressures were partially offset by base expenditure savings of \$0.742 million in the cost for purchased child care by aligning the actual per diem with the age mix that reflects the implementation of FDK.
- The 2015 Recommended Operating Budget for Child Care System Management Service includes funding of \$0.142 million for the Service System Management enhanced priority.
- The 2016 and 2017 plans reflect the inflationary adjustments for salary and benefits, offset by a reduction of a capital grant funded through a Section 37 Reserve Fund, as well as the depletion of the Child Care Expansion Reserve fund, primarily used to fund on-going base budget pressures to maintain the provision of child care subsidies will result in a \$8.604 million pressure in 2017.



## **Part III:**

Issues for Discussion

## Issues for Discussion

### Issues Impacting the 2015 Budget

#### *Response to System Growth*

- Since 2010, the child care system in Toronto has experienced unprecedented growth, with a 15.4% increase in licensed child care spaces. Total child care spaces have increased from 53,402 in 2010 to 61,640 in 2014.
- The system expansion, combined with other significant Provincial policy and legislative initiatives, including the introduction of Full-Day Kindergarten, a new children's services funding framework and a Wage Enhancement program for front-line child care workers (as part of the Province's Poverty Reduction Strategy) have placed pressure on the Division's staff resources, which has not kept pace with system growth.

#### *a) Expanded System Management*

- Implementation of these initiatives will require a methodical systems approach to ensure stability of the system and continued access to child care for families. In 2015, the Program will also be required to enter into new contracts with up to 280 new child care operators in order to administer new Provincial wage funding.
- In order to enable Children's Service to better manage the emergent pressures in the child care system, exacerbated by the on-going Provincial legislation changes, the 2015 Recommended Operating Budget includes the following changes to the Program's staff complement:
  - *Funding Model Implementation & New Wage Enhancement Positions:* 9 temporary positions are recommended for 2015 through 2016 to implement the new Child Care Funding Model and the Provincial Wage Enhancement program. These positions are fully funded by the Province, as part of the child care modernization and poverty reduction initiatives. As service system manager, the City will be required to promote, implement and administer the new Provincial programming.

The primary position responsibilities include:

- Implement the systems necessary to deliver, monitor and report on the Wage Enhancement; entering new/ amending contracts with approximately 950 operators; and
  - Develop and implement operational policies and procedures, including adapting existing policies, procedures and budget guidelines and IT infrastructure to ensure alignment with new Provincial guidelines.
- *Service System Management Requirements:* 8 new permanent positions are recommended in 2015, with funding for these positions cost-shared with the Province.

These positions will provide the following activities:

- 2 positions to manage the Children's Services increased responsibilities for expanded online services for operators, including increasing the use of mobile technology for field staff, increased project management to support business analysis and ongoing delivery and sustainment of critical business tools;
- 1 Systems Integrator to lead and implement the Business Intelligence Strategy, which will include providing a structured framework to support business intelligence and enable Children's Services to build, utilize and maintain reliable performance measurement systems;
- 1 District Operation Management position is required to manage Children's Services French language community, including the French translation of all Program written materials, complaints resolution, technology communications, and will have a lead role as a liaison with the French Public/French Catholic School Boards. The consultant will also develop business plans with French language operators and school boards to build capacity for younger aged children;
- 1 coordinator position is required to manage staff recruitment, training and scheduling to meet legislated staffing ratios, as the implementation of FDK programs has resulted in a significant increase in the number of part-time staff. Resource needs include recruitment, orientation, training, and policy and procedure reviews of complement management; and
- 3 policy-development positions are required for the following activities: advance automated income verification procedures with TESS and SSHA; advance Middle Childhood Strategy as part of 2015 – 2019 Service Plan with other City programs; and help deliver a capital strategy to increase licensed child care spaces in underserved neighbourhoods.

*b) Capital Needs*

- The growth of the child care system in the past few years has highlighted the lack of available licensed child care spaces and the growing demand for care from Toronto's families especially those requiring services for infant age groups. The lack of availability of childcare spaces for infants is a critical and longstanding challenge in Toronto.
- Children ages 4-12 have access to a universal education program for 6 hours a day, and Children's Services has a complimentary strategy to meet the needs for before and after school care, in schools, for this age group.
- To address this disparity, Children's Services will focus the investment of capital dollars on the development of child care for children ages birth to 3. New child care capital projects will be funded in wards where the projected number of spaces to serve children of infant and toddler age is fewer than the number of subsidies allocated for these age groups.
- One of the critical challenges related to new child care development is the lack of physical space in Toronto.
- Because there is limited capital funding available, Children's Services will continue to look for partnerships with other City Programs and Agencies planning expansions or capital developments. The Program will explore opportunities in community hubs, partnerships with school boards and



Toronto Community Housing. Children's Services has partnered successfully with other City Programs in recent years and will continue to employ this strategy in 2015.

- Through the Schools-First Child Care Capital Retrofit Policy, announced by the Ministry of Education in July 2014, Children's Services will continue to work with Toronto school boards to plan capital investments and stabilize the child care system by taking vacant school-based licensed child care spaces and converting them to space for younger children.

#### *New Provincial Funding Framework*

- In previous years, Children's Services received Provincial funding through a cost sharing agreement in which the Province provided funding on a 50/50, 80/20 and 100% basis, with subsidy allocated through a structure that included the following components: recovery of administrative costs, special needs, wage subsidy, high needs subsidy, and Ontario Works.
- In 2012, the Province introduced the new child care funding framework and funding model, which provides subsidy through the following framework: Core Service Delivery, Special Purpose Funding and Capital and provides the City with increased flexibility as to where it allocates resources.
- In 2014, the Province adjusted its funding structure that brought additional funding to municipal governments, including an additional \$20.836 million to the City of Toronto.
- While this subsidy represents a significant increase in funding, in order to address the community's need for service, and to mitigate the risk to providers as a result of the implementation of Full Day Kindergarten, Children's Services used all but \$0.900 million of the incremental funding to support on-going legislated funding requirements, existing core programming, and to fund an increase in the number of child care subsidies by 668, bringing the number of childcare subsidies to 24,932.
- The new funding framework provides greater flexibility in program administration such as the allocation of funding based on local needs; simplified reporting requirements, and a commitment to provide 3 year support for minor capital funding. However, there remains the outstanding need for the Province to commit to index base funding, as base funding has not been indexed since 1996.
- While there are outstanding issues that have not been addressed by the new funding model, (including the historical funding shortfall, as well as the additional pressures resulting from the implementation of FDK), the Province, the City, and other municipal service operators continue to work together to develop more effective funding mechanisms.
- A proposed new child care funding model for Toronto is expected to be presented to Council in the second quarter of 2015, with scheduled implementation in 2016.

#### *Updating 2015 Provincial Funding*

- On April 20, 2012, in a budget backgrounder titled "Making the Ontario Budget Even Better," the Province announced new assistance for child care operators. The announcement advised that across the Province, additional funding of \$90.0 million will be available in 2012-13; \$68.0 million in 2013-14; and, \$84.0 million in 2014-15.
- In 2013, the Province allocated additional base funding of \$8.392 million to the City (3.1% increase in base funding); in 2014, Children's Services received increased funding of \$20.836 million, an

increase of 7.6%. While this increased subsidy represented a significant increase in funding, the Program used all but \$0.900 million to support on-going programming pressures, new legislative requirements and to provide funding for 668 new child care subsidies.

- The 2015 Recommended Operating Budget for Children's Services includes additional Provincial revenue of \$2.960 million net, based on a 1% projected increase in Provincial subsidy. As the City is by far the Province's largest Service Manager, additional base funding to support the cost of providing child care and the cost of transitioning to FDK is anticipated.

#### *Decrease in the Cost of Subsidized Spaces*

- The 2015 Recommended Operating Budget for Children's Services includes a reduction of \$6.530 million net to the 2015 Purchased Services budget to better align the budgeted cost of purchased services child care spaces with the actual cost reflected in the budget submissions of approximately 664 purchased service providers.
- This adjustment also realigns the budget to reflect the actual case mix distribution. It is anticipated that this adjustment will address the projected under-spending reported through the 9 month Operating Budget Variance Report.
- However, actual costs are expected to increase in future years as the number of infants and toddler spaces expand within the system given the high costs of providing infant care. This transformation, which will be expedited by a number of City and Provincial initiatives, will span up to 5 years.

## **Future Year Issues**

#### *Depletion of the Child Care Expansion Reserve Fund*

- Children's Services has been able to maintain existing service levels by withdrawing annually from the Child Care Expansion Reserve Fund.
- The balance in the reserve fund at the end of 2014 is projected to be \$49.496 million. The budgeted 2015 withdrawal is \$13.220 million, leaving \$36.658 million in the reserve to fund services in 2016. Without additional funding, the Child Care Expansion Reserve fund will be fully depleted in 2017, which will require the Program to begin reducing child care subsidies at the end of 2016.
- Should the Province or the City fail to provide additional resources to maintain the existing Council-approved service level of 24,932 child care fee subsidies, there will be a need to gradually reduce subsidized spaces beginning in September 2016.

## Efficiency Study Implementation Progress

### *Service Efficiency Implementation*

- The 2012 City Manager's Service Efficiency Study for the Children's Services Division (CD13.3, May 23, 2012 "Terms of Reference - Service Review of Children's Services and Long Term Care Homes and Services") recommended: that Children's Services review "...the current child care operator budget process to maximize opportunities to streamline and automate the process as part of the Division's information system upgrade; and that the Program initiates changes necessary to provide "optimal service efficiency savings ...in the shortest period of time...".
- In response to these recommendations, the 2014-2023 Approved Capital Plan for Children's Services provided \$0.625 million in 2014 to support a feasibility study to validate savings projections; an additional \$2.550 million was included in 2015-2017 to complete the project deliverables, subject to a positive outcome from the cost-benefit analysis undertaken as part of the feasibility study.
- While the feasibility study is scheduled for completion in early 2015, preliminary analysis indicates that incremental savings of up to \$0.492 million annually will be realized, with a 20% improvement in processing time for parents requesting child care subsidies and a significant improvement in operator's on-line support.
- As a result, the 2015 – 2024 Recommended Capital Plan for Children's Services includes \$2.550 million for system development with funding commitments of \$1.050 million in 2015, \$1.000 million in 2016, and \$0.500 million in 2017 available for completing system upgrades.
- Any projected savings will be revisited during the future year budget review process, once the project has been completed.

## Issues Referred to the 2015 Operating Budget Process

### *Funding Ongoing COLA*

- With the approval of the 2014 Capital and Operating Budgets on January 30, 2014 Ex 37.1aj "Children's Services Amendment to 2014 Recommended Operating Budget to Reflect Increase in Provincial Contributions", Council approved \$20.836 million as an additional Provincial base funding allocation.
- In the same report, it was indicated that Children's Services will report to Council on a long-term strategy that will incrementally replace reserve fund contributions with adjustments to its base budget.
- Historically, the shortfall has been attributed to the gaps between Provincial funding and the actual service costs. However, the Program's funding structure is changing to reflect the new Provincial guidelines and legislative requirements.
- As noted in the report, Children's Services will be reporting the details of the new funding model to City Council in the second quarter of 2015, which is scheduled for implementation in 2016.



## **Appendices:**

## Appendix 1 2014 Service Performance

### 2014 Key Service Accomplishments

In 2014, Children's Services accomplished the following:

- ✓ Increased number of licensed child care spaces in the Toronto system by 16% and fee subsidies by 668, or 2.8%;
- ✓ Implemented the validated Early Learning and Care Assessment for Quality Improvement (ELCAQI) tool and provided training on the tool to 1,900 participants and support visits to 300 child care operators;
- ✓ Enhanced partnerships to support Aboriginal families wishing to access high quality, culturally specific, early learning and care services;
- ✓ Completed extensive community, intergovernmental and stakeholder engagement on the 2015-2019 Service Plan, development of the new child care funding model, Special Needs, Home Child Care, and Systems Planning; and
- ✓ Opened newly renovated Kipling Early Learning and Care Centre, adding 36 child care spaces.

### 2014 Financial Performance

#### 2014 Budget Variance Analysis

(\$000s)	2012 Actuals	2013 Actuals	2014 Approved Budget	2014 Projected Actuals*	2014 Approved Budget vs. Projected Actual Variance	
	\$	\$	\$	\$	\$	%
<b>Gross Expenditures</b>	383,804.3	383,976.0	421,733.2	408,733.2	(13,000.0)	(3.1%)
<b>Revenues</b>	307,733.8	307,259.6	345,016.8	332,016.8	(13,000.0)	(3.8%)
<b>Net Expenditures</b>	76,070.5	76,716.4	76,716.4	76,716.4		
<b>Approved Positions</b>	936.8	931.4	955.7	930.7	(25.0)	(2.6%)

\* Based on the 9 month Operating Budget Variance Report

### 2014 Experience

- Children's Services reported a \$0 net favourable variance for the nine-month period ended September 30, 2014, with gross expenditures \$13.735 million or 4.2% lower than planned, offset by reduced revenue of \$13.735 million or 5.3% lower than planned revenue.
- The under spending can primarily be attributable to savings in purchased child care, reflecting the difference in the actual cost of providing child care relative to planned cost, due to the difference in the actual child mix from the planned mix, offset by a reduction in the planned reserve draw funding.

- Children's Services forecasts a year-end \$0 net variance, with gross expenditures \$13.000 million lower than plan, with a corresponding reduction in the planned reserve draw, as the trend of reduced expenditures and revenues is expected to continue for the remainder of the year.

**Impact of 2014 Operating Variance on the 2015 Recommended Budget**

- As Children's Services is forecasting year-under spending \$13.000 million with a corresponding reduction in the planned reserve draw, the \$13.000 million in reserve funding budgeted in 2014 is not required, and will be used in 2015 to fund operating costs.
- Since the savings in purchased child care is expected to continue into 2015, the 2015 Recommended Operating Budget for Children's Services includes a reduction of \$6.530 million to the 2015 Purchased Service Budget to better align the budgeted cost of purchased child care spaces with the actual cost of service delivery.

## Appendix 2

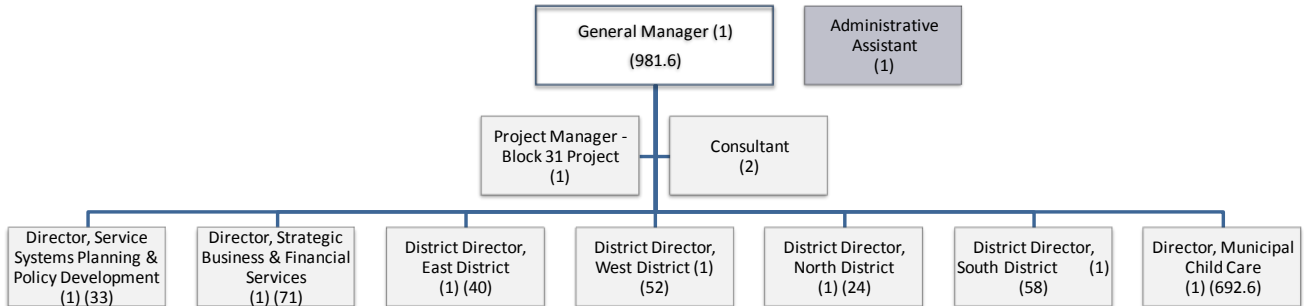
### 2015 Recommended Operating Budget by Expenditure Category

#### Program Summary by Expenditure Category

Category of Expense (\$000's)	2012	2013	2014	2014	2015	2015 Change from		Plan	
	Actual	Actual	Budget	Projected	Rec'd	2014 Approved		2016	2017
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	72,479.7	73,247.5	80,237.5	80,237.5	84,758.4	4,520.8	5.6%	85,510.5	84,720.6
Materials and Supplies	2,891.0	2,805.1	2,591.7	2,591.7	2,522.4	(69.3)	(2.7%)	2,566.7	2,612.1
Equipment	1,360.9	529.1	630.3	630.3	725.5	95.2	15.1%	738.4	751.6
Services & Rents	303,474.0	303,415.6	332,816.7	319,816.7	330,593.9	(2,222.8)	(0.7%)	335,752.4	341,348.3
Contributions to Capital									
Contributions to Reserve/Res Funds	1,190.7	1,190.7	1,178.9	1,178.9	1,178.9			1,178.9	1,179.1
Other Expenditures	(274.4)	68.8	694.5	694.5	715.2	20.7	3.0%	715.2	715.2
Interdivisional Charges	2,682.5	2,719.3	3,583.5	3,583.5	3,999.2	415.8	11.6%	4,029.9	4,060.9
<b>Total Gross Expenditures</b>	<b>383,804.4</b>	<b>383,976.0</b>	<b>421,733.2</b>	<b>408,733.2</b>	<b>424,493.6</b>	<b>2,760.4</b>	<b>0.7%</b>	<b>430,492.1</b>	<b>435,387.8</b>
Interdivisional Recoveries	7,889.5	6,320.1	10,200.0	10,200.0	10,200.0			10,200.0	10,200.0
Provincial Subsidies	274,771.1	277,613.5	298,298.8	298,298.8	301,258.8	2,960.0	1.0%	301,258.8	301,258.8
Federal Subsidies									
Other Subsidies									
User Fees & Donations	22,419.6	22,351.9	19,037.5	19,037.5	19,169.6	132.1	0.7%	19,213.6	19,257.6
Transfers from Capital Fund		216.3	1,561.5	1,561.5	1,764.4	202.9	13.0%	1,764.4	1,764.4
Contribution from Reserve Funds	2,421.1	718.7	15,919.0	2,919.0	15,384.4	(534.6)	(3.4%)	15,089.2	(1,833.5)
Contribution from Reserve									
Sundry Revenues	232.4	39.1							
<b>Total Revenues</b>	<b>307,733.7</b>	<b>307,259.6</b>	<b>345,016.8</b>	<b>332,016.8</b>	<b>347,777.2</b>	<b>2,760.4</b>	<b>0.8%</b>	<b>347,526.0</b>	<b>330,647.3</b>
<b>Total Net Expenditures</b>	<b>76,070.7</b>	<b>76,716.4</b>	<b>76,716.4</b>	<b>76,716.4</b>	<b>76,716.4</b>	<b>(0.0)</b>	<b>(0.0%)</b>	<b>82,966.1</b>	<b>104,740.5</b>
<b>Approved Positions</b>	<b>936.8</b>	<b>931.4</b>	<b>955.7</b>	<b>930.7</b>	<b>982.6</b>	<b>26.9</b>	<b>2.8%</b>	<b>988.0</b>	<b>980.0</b>

\* Note: Based on the 9 month Operating Budget Variance Report

### Appendix 3 2015 Organization Chart



### 2015 Recommended Complement

Category	Senior Management	Management	Exempt Professional & Clerical	Union	Total
Permanent	1.0	143.5	2.0	582.5	729.0
Temporary		21.0		232.6	253.6
<b>Total</b>	<b>1.0</b>	<b>164.5</b>	<b>2.0</b>	<b>815.1</b>	<b>982.6</b>



## Appendix 5

### Summary of 2015 Recommended New / Enhanced Service Priorities

**2015 Operating Budget - Staff Recommended New and Enhanced Services**  
**Summary by Service**  
(\$000s)

Form ID		Citizen Focused Services A Program: Children's Services	Adjustments				2016 Plan Net Change	2017 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		

4794 **Service System Management Requirements**

72 | 0 **Description:**

The 2015 Recommended Operating Budget for Children's Services includes new funding of \$1.070 million gross, \$0 net, required for the Service System Management enhanced priority, which adds 8 new permanent positions that will assist in managing pressures created by the expanded child care system resulting from significant Provincial policy and legislative changes, including the implementation of the Wage Enhancement Program for front-line child care workers.

**Service Level Impact:**

The increased staff complement will enable the Program to make the system changes necessary to address the new legislative reporting requirements and to provide administrative support to deliver the new programming requirements.

Service: Child Care Delivery

Total Staff Recommended:	927.4	927.4	0.0	8.0	0.0	0.0
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Service: Child Care System Management

Total Staff Recommended:	142.2	142.2	0.0	0.0	0.0	0.0
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<b>Staff Recommended New/Enhanced Services:</b>	<b>1,069.5</b>	<b>1,069.5</b>	<b>0.0</b>	<b>8.0</b>	<b>0.0</b>	<b>0.0</b>
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**Category:**

71 - Operating Impact of New Capital Projects      74 - New Services  
72 - Enhanced Services-Service Expansion      75 - New Revenues



**2015 Operating Budget - Staff Recommended New and Enhanced Services  
Summary by Service  
(\$000s)**

Form ID		Citizen Focused Services A Program: Children's Services	Adjustments				2016 Plan Net Change	2017 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
<b>Summary:</b>								
		<b>Staff Recommended New/Enhanced Services:</b>	<b>1,069.5</b>	<b>1,069.5</b>	<b>0.0</b>	<b>8.0</b>	<b>0.0</b>	<b>0.0</b>

**Category:**

- 71 - Operating Impact of New Capital Projects      74 - New Services
- 72 - Enhanced Services-Service Expansion        75 - New Revenues

## Appendix 6

### Inflows/Outflows to/from Reserves & Reserve Funds

#### Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (\$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2014 \$	Rec'd Withdrawals (-) / Contributions (+)		
			2015 \$	2016 \$	2017 \$
<b>Projected Beginning Balance</b>		<b>11,567.4</b>	<b>11,567.4</b>	<b>11,309.4</b>	<b>11,190.4</b>
Child Care Capital Reserve Fund	XR1103				
<i>Proposed Withdrawals (-)</i>			(1,666.0)	(1,526.0)	(1,512.0)
<i>Contributions (+)</i>			1,408.0	1,407.0	1,406.0
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>11,567.4</b>	<b>(258.0)</b>	<b>(119.0)</b>	<b>(106.0)</b>
<b>Other Program / Agency Net Withdrawals &amp; Contributions</b>					
<b>Balance at Year-End</b>		<b>11,567.4</b>	<b>11,309.4</b>	<b>11,190.4</b>	<b>11,084.4</b>

Reserve / Reserve Fund Name (\$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2014 \$	Rec'd Withdrawals (-) / Contributions (+)		
			2015 \$	2016 \$	2017 \$
<b>Projected Beginning Balance</b>		<b>49,496.1</b>	<b>49,496.1</b>	<b>36,657.6</b>	<b>16,466.9</b>
Child Care Expansion Reserve Fund	XR1101				
<i>Proposed Withdrawals (-)</i>			(13,219.5)	(20,425.7)	(28,774.6)
<i>Contributions (+)</i>			381.0	235.0	18.5
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>49,496.1</b>	<b>(12,838.5)</b>	<b>(20,190.7)</b>	<b>(28,756.1)</b>
<b>Other Program / Agency Net Withdrawals &amp; Contributions</b>					
<b>Balance at Year-End</b>		<b>49,496.1</b>	<b>36,657.6</b>	<b>16,466.9</b>	<b>(12,289.2)</b>

## Appendix 7a

### Recommended User Fees Adjusted for Inflation and Other

Rate Description	Service	Fee Category	Fee Basis	2014	2015			2016	2017
				Approved Rate	Inflationary Adjusted Rate	Other Adjustment	Budget Rate	Plan Rate	Plan Rate
Infants-Birth to 18 mths	Child Care Delivery	Full Cost Recovery	Day/Child	\$100.13	\$102.23	\$4.67	\$106.90	\$109.04	\$111.22
Toddlers - 18 to 30 mths	Child Care Delivery	Full Cost Recovery	Day/Child	\$89.13	\$91.00	\$4.16	\$95.16	\$97.06	\$99.00
Preschool 31 to 47 mths	Child Care Delivery	Full Cost Recovery	Day/Child	\$68.96	\$70.41	\$1.77	\$72.18	\$73.62	\$75.10
Full Day Kindergarten - Escorted - Before school only	Child Care Delivery	Full Cost Recovery	Day/Child	\$18.00	\$18.38		\$18.38	\$18.75	\$19.12
Full Day Kindergarten - Escorted - After school only	Child Care Delivery	Full Cost Recovery	Day/Child	\$27.00	\$27.57		\$27.57	\$28.12	\$28.68
School Age - 6 to 10 years - Before school only	Child Care Delivery	Full Cost Recovery	Day/Child; Part-Time Rate offered Where Space Available	\$14.00	\$14.29		\$14.29	\$14.58	\$14.87
School Age - 6 to 10 years - After school only	Child Care Delivery	Full Cost Recovery	Day/Child; Part-Time Rate offered Where Space Available	\$21.00	\$21.44		\$21.44	\$21.87	\$22.31
Full day kindergarten/City Operated third party - September to June (10 months)	Child Care Delivery	Full Cost Recovery	Day/Child	\$32.00	\$32.67		\$32.67	\$33.32	\$33.99
Full day kindergarten/City Operated third party - July to August (2 months)	Child Care Delivery	Full Cost Recovery	Day	\$50.00	\$51.05		\$51.05	\$52.07	\$53.11
Full day kindergarten/City Operated third party - Before school only	Child Care Delivery	Full Cost Recovery	Day	\$14.00	\$14.29		\$14.29	\$14.58	\$14.87
Full day kindergarten/City Operated third party - After school only	Child Care Delivery	Full Cost Recovery	Day	\$21.00	\$21.44		\$21.44	\$21.87	\$22.31
Full Day Kindergarten - Escorted - September to June (10 months)	Child Care Delivery	Full Cost Recovery	Day	\$35.00	\$35.74		\$35.74	\$36.45	\$37.18
Full Day Kindergarten - Escorted - July to August (2 months)	Child Care Delivery	Full Cost Recovery	Day	\$50.00	\$51.05		\$51.05	\$52.07	\$53.11
School Age (6 to 10 years) - September to June (10 months)	Child Care Delivery	Full Cost Recovery	Day	\$32.00	\$32.67		\$32.67	\$33.33	\$33.99
School Age (6 to 10 years) - July to August (2 months)	Child Care Delivery	Full Cost Recovery	Day	\$50.00	\$51.05		\$51.05	\$52.07	\$53.11

## Appendix 7c Recommended User Fees Discontinued

Rate Description	Service	Fee Category	Fee Basis	2014		
				Approved Rate	Year Introduced	Reason for Discontinuation
Full Day Kindergarten - Escorted - Year round (12 months)	Child Care Delivery	Full Cost Recovery	Day/Child	\$45.00	2011	Fee no longer required
School Age - 6 to 10 years - Year round (12 months)	Child Care Delivery	Full Cost Recovery	Day/Child	\$41.00	Pre-1998	Fee no longer required
Full day kindergarten/City Operated third party-Year round (12 months)	Child Care Delivery	Full Cost Recovery	Day/Child	\$41.00	2011	Fee no longer required
Part time Kindergarten (4-5 yrs)	Child Care Delivery	Full Cost Recovery	Day	\$68.96	Pre-1998	Fee no longer required