

Giuliana Carbone
Deputy City ManagerChildren's Services
Metro Hall, 10th floor
55 John Street
Toronto ON M5V 3C6Tel: (416) 392-8128
Fax: (416) 397-4518
ebaxter@toronto.ca
www.toronto.ca

2016 OPERATING BUDGET BRIEFING NOTE

Amendment to Children's Services 2016 Preliminary Operating Budget to Reflect Increases in Provincial Contributions

Issue/Background:

On December 8th, 2015 the City received initial notification of its 2016 funding allocation for core services from the Province of Ontario. On January 19th, 2016, the City received the guidelines for core services funding and notification of its 2016 funding allocation for the Provincial Wage Enhancement program. The 2016 funding allocation will result in an increase of \$22.379 million or 6.8% in Provincial funding from 2015.

Provincial Wage Enhancement funding for year two of the program has increased by \$20.528 million in 2016. This funding is intended to increase the salary of eligible child care workers, and is fully funded by the Province.

The 2016 funding increase for core services is \$1.851 million, an increase of 0.6% from 2015 funding levels. The 2016 Preliminary Operating Budget, developed prior to the Provincial announcement, included a projected Provincial increase of \$4.1 million for core services or 1.4%.

The decrease in core service funding of \$2.282 million reflects the phase-out of grants that supported the transition to Full Day Kindergarten which is now considered complete and the funding is no longer required.

City Council approval is required to amend the 2016 Preliminary Operating Budget Children's Service to reflect additional Provincial Funding in the 2016 Preliminary Operating Budget, resulting in an increase of \$18.246 million gross and \$0 net.

Key Points:

- In January 2015, the Province announced a new Provincial Wage Enhancement program to support the licensed child care sector. This program is a component of the Province's Poverty Reduction Strategy. As service system manager, the City is required to promote, implement and administer this program.
- In 2016, Children's Services has been allocated an increase in the Wage Enhancement funding from \$20.528 million to \$41.056 million, an increase of \$20.528 million or 100%.

The \$2.052 million gross that was allocated in 2015 to administer the Wage Enhancement program is fully funded from the Province and continues into 2016.

- The province has increased the 2016 Wage Enhancement allocation to reflect changes in the program which increases the funding available to child care workers from approximately \$1 per hour to \$2 per hour for eligible positions, \$10.00 per day to \$20.00 per day for eligible Home Child Care providers, with the addition of an annual supplemental grant of \$150 for child care centres, and \$50 per home child care provider, based on the programs' staffing complement.
- Transitional funding provided for minor capital retrofits in the prior years to implement Full Day Kindergarten will not be required in 2016, as the program is considered to be fully implemented resulting in a decrease of core service and special purpose funding of \$2.282 million.
- These amendments to the 2016 Preliminary Operating Budget for Children's Services support the Council approved Child Care Service Plan and maximize Provincial funding available to support children and families in Toronto. Changes from the 2015 Provincial subsidy are highlighted below:

**Changes in Provincial Funding from 2015 to 2016
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	2015	2016	Change	% Incr / (Decr)
Core Services Delivery and Special Purposes	289,822.4	290,261.0	438.6	0.2%
Utilization Adjustment	16,939.9	18,352.3	1,412.4	8.3%
Total regular operating subsidy	306,762.3	308,613.2	1,851.0	0.6%
Wage Enhancement/Home Child Care Enhancement Grant	20,528.0	41,055.9	20,528.0	100.0%
Wage Enhancement/HCCEG Administration	2,052.8	2,052.8	-	0.0%
Total Wage Enhancement Program	22,580.8	43,108.7	20,528.0	90.9%
Total	329,343.1	351,722.0	22,378.9	6.8%

Prepared by: **Shanley McNamee**, Director, Children's Services
416-392-8284; smcname@toronto.ca

Further Information: **Elaine Baxter-Trahair**, General Manager, Children's Services
416-392-8134; ebaxter@toronto.ca

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