

Funding Formula for Occupancy Costs

Date: May 17, 2017

To: Community Development and Recreation Committee

From: General Manager, Children's Services

Wards: All

SUMMARY

The report responds to a request for the General Manager, Children's Services to report prior to June 2017 on the provincial government's response to the City with respect to changing the education funding formula to recognize and fund the occupancy costs for child care space in schools.

RECOMMENDATIONS

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

1. City Council again request the Ministry of Education to undertake the policy and regulatory changes required to recognize early learning and child care as a key component of the education continuum and to improve the school funding formula to include the occupancy cost of early learning and child care space in schools.

FINANCIAL IMPACT

This report has no financial impact. Should the Province assume responsibility for early learning and child care as part of the education funding formula, there will be savings to childcare operators in per diem rates paid by the City on behalf of subsidized children.

The financial impacts and service level adjustments emanating from these potential changes will be reported at a future date, should the Province increase its support in funding early learning and child care to recognize occupancy costs through the education funding formula

The Deputy City Manager and Chief Financial Officer 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-Sudon

- 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 Service 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, 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>

ISSUE BACKGROUND

Children's Services will formally notify the four participating school boards in June of the City's intention to terminate occupancy agreements effective January 1, 2018, as per Council's direction. Six months notice is required to cancel these agreements.

With the cancellation of the agreements, child care programs will assume responsibility for occupancy costs as determined by each school board and directly pay the board for these costs. Families paying full fees for child care (those who do not receive a fee subsidy) will pay approximately \$1.35 per day more assuming that the school boards allocate costs on a per centre basis. Approximately 15,295 child care spaces in schools 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.

Currently, the Ministry of Education funds child care as a tenant 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.

The City-School Boards Advisory Committee identified the Province's school utilization and school funding formulas as shared policy transformation priorities for the City and the four school boards operating in Toronto. The Committee noted that these policy tools used by the Ministry of Education do not adequately account for a range of valuable uses of a school building.

COMMENTS

As the Ministry of Education continues to modernize the early years system, it has taken many positive steps towards meeting the provincial goals of responsiveness, quality and accessibility for children, families and communities. Now, with the early years system under the same ministry as the elementary and the secondary education systems, there is an unprecedented opportunity to create a systemic approach to integrating programs for children and families. A review of the Province's current occupancy funding model for Boards of Education is expected to be released as part of Phase 3 of the Child Care and Early Years Act in 2017.

In March 2017, the Ministry of Education's established a Working Group on Early Years Accommodation Costs in Schools and an Expert Panel on Early Years Capital Standards in Schools. Membership includes representation from City staff, school boards, and early years providers. Both groups are comprised of cross-functional members with recent and considerable early years expertise with regards to accommodation costs and capital requirements.

Working group sessions are scheduled monthly until December 2017 and will take a collaborative approach to engage and solicit input from key child care and child and family programs and education sector stakeholders in order to, but not limited to, provide advice and recommendations to the Ministry of Education on:

- Early years accommodation cost transparency and methodology in schools;
- Best practices related to sustainability for early years providers in schools;
- Early years capital requirements, benchmarks, and funding methodology in schools; and
- Best practices for the optimization of early years capital planning, design and construction in schools across Ontario.

With the objective to achieve consistency across the province, recommendations and advice from the Working Group and Expert Panel will be developed for Ministry consideration.

CONCLUSION

The early years system should have the same opportunities and supports as the elementary school system. Currently the early years system has distinct disadvantages related to the operating, capital and maintenance (occupancy) costs of space. By directly funding school boards for the full cost of space used by early learning, child care and before- and after-school programs, the Ministry would achieve another important step towards Ontario's vision of an integrated early years system.

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SIGNATURE

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