



REPORT FOR ACTION

Additional Fee Subsidies Needed to Maintain 2010 Proportion of Subsidies to Licensed Spaces

Date: December 30, 2016

To: Community Development and Recreation Committee
Budget Committee

From: General Manager, Children's Services

Wards: All

SUMMARY

This report illustrates the number of additional child care fee subsidies that would be required to achieve the same ratio of subsidies to licensed spaces as in 2010, prior to the implementation of Full-Day Kindergarten.

As directed by City Council, this report is being submitted concurrently to the Budget Committee for consideration as part of the 2017 Budget Process and to the Community Development and Recreation Committee.

RECOMMENDATIONS

The General Manager, Children's Services recommends that:

1. Community Development and Recreation Committee and Budget Committee receive the report for information.

FINANCIAL IMPACT

The adoption of the recommendation contained in this report has no financial impact.

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

DECISION HISTORY

At its meeting of December 13, 14 and 15, 2016, City Council directed the General Manager, Children's Services to report to the Budget Committee through the 2017 budget process and concurrently to the Community Development and Recreation Committee at its January 16, 2017 meeting with an analysis of the number of subsidies required to maintain the ratio of fee subsidies to licensed spaces that existed prior to the introduction of the Full Day Kindergarten Before and After School programs, including costs for implementation in 2017

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.CD16.2>

COMMENTS

Table 1 illustrates the number of additional fee subsidies that would be required to achieve the same ratio of subsidies to licensed child care spaces as in 2010, just prior to Full-Day Kindergarten implementation.

Table 1: Child Care Fee Subsidies Required to Maintain 2010 Ratio of Subsidies to Spaces

	Licensed Spaces (<i>child care centres only</i>)	Child Care Fee Subsidies	Proportion of Subsidies to Spaces	Additional Subsidies Required to Achieve 2010 Ratio	Total Subsidies Required to Achieve 2010 Ratio
Spring 2010	53,553	24,000	44.8%	n/a	n/a
December 2016	69,146	26,059	37.6%	4,918	30,977

At an average cost of \$10,000 per fee subsidy, the additional subsidies would cost \$49.2 million annually.

Recent provincial announcements have promised a significant expansion of licensed child care spaces. These announcements include creating 100,000 new spaces across the province for children up to age four and mandating the provision of before and after school programs for children in grades one to six (where there is a demand). There are two persistent issues related to the ongoing growth of child care spaces: the lack of corresponding operating supports, including child care fee subsidy, and the planning process by which capital projects are prioritized. It is critical that the Province address these issues before substantial expansion initiatives are implemented.

On the first issue, as shown in Table 1, the number of fee subsidies has grown by 8.6 per cent, while the number of licensed spaces has grown by 29.1 per cent since Spring 2010. While this has increased choice for parents, the lack of additional subsidies and other measures to address affordability has resulted in an increase in vacancies in a number of centres.

The affordability of child care is a major challenge for families in Toronto. There are limited opportunities to address fees by reducing child care operators' costs. The main cost component for operators is staff wages, but these wages are largely modest, and staff ratios are set by provincial legislation. Fee subsidy and base funding are needed to lower the costs for both low and middle-income families. The need for operating supports also extends to resources to support children with extra support needs in order to ensure that spaces are inclusive. To date, expansion initiatives have not included any details on corresponding investments in operating supports. There is growing concern that new spaces are not affordable and are therefore inaccessible to many families, creating a risk that newly-created spaces may not be filled. The [Licensed Child Care Demand and Affordability Study](#), reported to Community Development and Recreation Committee and City Council in October/November 2016, found that for 75 per cent of Toronto's families, current child care costs would account for more than 10 per cent of family income (a benchmark for affordability used in several international research studies and policy reports).

The second issue is that much of the funding and significant planning responsibility for the creation of child care spaces has been assigned by the Province to school boards. Under recent provincial capital programs, school boards have been asked to prioritize child care projects within their boards, and with service system managers prior to the Province selecting projects to fund. This process does not always address local need. While schools are in many cases suitable sites for child care programs, a better approach would be for service system managers to prioritize projects based on their local service plans and capital strategies. Recent legislative changes under the *Child Care and Early Years Act* enhance the service system management role of municipalities and in fact require municipalities to implement a child care and early years programs and services plan. Capital development resources and processes should support this role and these plans.

It is vital that child care expansion be accompanied by operating resources and planned according to local need. Without provincial confirmation of sufficient operating resources and assurance that spaces will be planned on the advice of the service system manager, Children's Services will be limited in its ability to support further capital expansion. The Demand and Affordability Study confirmed that there is a risk of new spaces being left vacant unless affordability issues, including the provision of additional fee subsidies, are addressed. The Division will continue to make these requests of the Province in order to ensure successful and sustainable expansion in the future.

CONTACT

Karen Gray, Director
Service System Planning and Policy Development
Toronto Children's Services
416-397-1465
karen.gray@toronto.ca

Shanley McNamee, Director
Strategic Business and Financial Services,
Children's Services, City of Toronto
Toronto Children's Services
416-392-8284
shanley.mcnamee@toronto.ca

SIGNATURE

Elaine Baxter-Trahair
General Manager, Children's Services