



May 8, 2018  
Chair and Members  
Audit Committee

**Re: Report AU12.2 Children's Services Division: Opportunities to Achieve Greater Value for Child Care from Public Funds**

I am writing to share my perspective on the Auditor General's report, and to propose a motion that I hope will be moved by a member of the Committee.

The core recommendation in the Auditor General's report to initiate an "alternative service delivery" study to examine transferring Children's Services 52 directly-operated child care centres to the not-for-profit sector. I believe this is the wrong direction to take, and that the Auditor General has not recognized the benefits and policy objectives of directly operated child care, nor the operating complexities and system planning models that underpin both the city-run and broader child care sector. I also believe the report does not adequately recognize recent City and Provincial policy directions and legislation for child care.

**1. The report concludes there is inadequate "value for money" in City-run child care programs, because costs are higher than other centres and the quality of care not that much better.**

Toronto's child care centres have been recognized consistently as offering excellent-quality care and best-practices in early childhood education. They also serve a higher proportion of low-income communities, high-risk families, special needs children, and exist in areas of the City where other providers have been reluctant to build and operate child care. City centres serve as the benchmark for quality standards and salaries against which other child care providers in the sector compare. The analysis of licensing data was insufficient and misleading.

**2. The report recommends cutting costs by transferring City-operated child care to the private, non-profit sector. This would eliminate jobs that pay decent salaries and reflect the value of the work, and replace them with lower paid jobs that don't.**

Salaries and benefits for staff in City-run centres were established through pay equity comparisons with male jobs of equal value. Provincial and municipal policy and funding strategies are working to raise salaries in the broader child care sector to their municipal comparators. Transferring jobs to the non-profit sector to reduce salary costs and lower the bar, will simply further exploit women in a sector that is already significantly underpaid.

The savings estimates were not demonstrated or validated. City-run services only represent 3% of licensed child care. The cost differential calculations were not based on actual costs, but estimated, based on average wages in the broader sector. The purported deficit was also inaccurate and included costs that were not attributable to directly-operated child care services.

Children's Services has been given many new responsibilities, additional funding and policy initiatives from other levels of government, with many tight timelines. Undertaking a major contracting out study and possible implementation, will cause a major disruption that is not warranted, and will not improve the quality or access for child care in the City.

**3. The report recommends the City reduce capital funding for building new centres and fill vacancies in existing centres instead, reversing will established Service Plan priorities to address inadequate and inequitable access to service across the City.**

Yes, vacancies should be filled as efficiently and as quickly as they can. There should be improvements to wait list administration and placements. Changes are already underway such as lifting subsidy caps in existing centres and creating a new system for central wait list management.

But reducing capital funding is wrong. Some areas of the City have no vacancies, because they have no centres. Filling existing centres in the same areas of the city with more subsidized families won't contribute to equitable access to services. Nor will it provide spaces to meet the huge demand for care from full-fee parents who aren't eligible for subsidies. The City has a Service Plan and a Growth Strategy to improve access to affordable, high-quality child care for all families in all areas of the city – and that needs capital funding.

**4. The report recommends many changes to improve administration, oversight and accountability for subsidy eligibility and reporting.**

Many of the recommendations that improved administrative and businesses practices were justified and appropriate. However, the City is following provincially-mandated eligibility testing, and monitoring compliance at a level that reduces risk of non-compliance. The need to introduce new reporting requirements for parents with changes in earnings, or new attendance reporting for students or those on job search, was just not supported with evidence. The report also failed to demonstrate that risk of revenue loss was sufficient to justify the cost of a new centre to investigate possible fraud.

**For these reasons, I am recommending the following amendments:**

1. Replace recommendation 1 with the following:

*City Council request the Deputy City Manager Cluster A to further examine service delivery in City-run child care centres with a view to finding efficiencies and filling vacancies while maintaining required staffing, program quality and optimal outcomes for children, families and communities.*

2. Amend recommendation 2 by adding the following "*consistent with the Child Care Service Plan and Toronto Growth Strategy*" after the word "subsidies", so that it now reads:

*City Council request the General Manager, Children's Services Division, to take steps to increase access to the existing licensed child care spaces in the City for the purchase of services for children with subsidies consistent with the Child Care Service Plan and Toronto Growth Strategy. Steps should be taken, but not be limited to:*

*a. Expanding the maximum number of spaces that can be purchased from contracted non-profit licensed child care centres*

*b. Minimizing the vacancy rate in the City-run child care centres*

*c. Exploring ways to access existing spaces in the non-profit licensed child care centres which do not currently have a service agreement with the Division.*

Sincerely,



City Councillor, Ward 31