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2018 OPERATING BUDGET BRIEFING NOTE

Funding Required to Achieve a 1% Reduction in Child Care Fees

Issue/Background:

- At the Budget Committee meeting held on January 12, 2018, the General Manager, Children's Services was requested to provide a Briefing Note on the level of funding required to achieve each 1% reduction in child care fees.

Key Points:

- The Child Care Growth Strategy – Phase One Implementation (2017-2019) includes targets and system transformations required to achieve the long-term goals of the Strategy including targets for growth, affordability and a thriving workforce.
- In Phase One, the target of a 10% fee reduction for those fees in the top 1/3 of the system, requires an increased investment of \$30.5 million by 2019.
- In Phase One, the investment required in order to achieve each 1% reduction in parent fees, is approximately \$3 million.
- The level of investment required by 2019 was calculated based on the average fees across the sector as of 2016. The initial focus is on lowering fees in the highest range, moving towards the goal of overall fee reductions of 25 to 40 per cent over ten years.
- As outlined in the Growth Strategy Phase One projection, Children's Services dedicated additional funding to support affordability in the 2018 Operating Budget of \$12.8 million (including new and enhanced).
- Over the next two years, affordability will be influenced by inflationary costs, minimum wage increases, provincial actions through policy or mandated targets and other variables. As the implementation of the Growth Strategy progresses, all options for improving affordability will be explored.

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