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2018 OPERATING BUDGET BRIEFING NOTE

Provincial Funding Allocated to Fee Subsidies versus Overall Affordability

Issue/Background:

- At the Budget Committee meeting held on December 18, 2017, the General Manager, Children's Services was requested to provide a Briefing Note identifying the 2018 allocation of provincial monies specifically targeted for fee subsidies versus overall affordability. This Briefing Note advises the allocation of funding included in the 2018 Preliminary Operating Budget and in the new enhancements that support increased funding for fee subsidies and for affordability targets.

Key Points:

Fee Subsidies

- The total number of child care fee subsidies for children 0-12 included in the 2018 Preliminary Base Budget is 28,975.
- Funding for child care fee subsidies, resulting from the new provincial/ federal investments also includes 825 new subsidies for children 0-4 (provincially funded).
- Funding for the 825 new subsidies is not included in the 2018 Preliminary Operating Budget, but is included in the list of New and Enhanced priorities for Budget Committee's consideration
- In December, 2017, the City received notification of its 2018 funding allocation from the Ministry of Education, with an incremental increase of \$21.809 million, of which \$13.951 million is targeted towards system growth and expansion, which will add 550 new subsidies for children 4-12. Staff will report to the Executive Committee on February 6, 2018 on final amendments required to its 2018 budget to reflect this allocation. As a result of these amendments, the total number of fee subsidies in 2018 is expected to rise to 30,350 for children 0-12 years of age.

Overall Affordability

- General Operating Grant funding is base funding directed to child care operators to support overall affordability, and is primarily comprised of the General Operating Grant for operators. The additional funding provided through the General Operating Grant (GOG) in

2017 to child care operators resulted in all eligible programs receiving new or increased base funding in 2017 to help offset operating costs.

- General operating funding included in the 2018 Preliminary Base Budget is \$46.7 million.
- Including final confirmation of the new provincial and federal funding, the Program anticipates earmarking additional support for affordability in 2018 of \$16.8 million, bringing the total support for affordability in 2018 to \$63.5 million.
- Reflecting the amendments to the budget that recognize the new provincial and federal funding, and the new priorities included in the list for Council's consideration, in 2018, the program is projecting that there will be a total investment of \$318.4 million in fee subsidies and \$63.5 million on affordability.
- New provincial and federal investments in child care in 2017 and 2018 have enabled the Division to direct additional resources to overall affordability, while still maintaining a ratio of 40% fee subsidies for all licensed child care spaces.
- This supports and advances the objectives of the Child Care Growth Strategy – Phase One Implementation (2017-2019). Implementation includes targets and system transformations required to achieve the long-term goals of the Strategy including targets for growth, affordability and a thriving workforce.
- One of the key affordability objectives of Phase One Implementation of the Child Care Growth Strategy is to reduce average parent fees by up to 10 per cent by the end of 2019, with an initial focus on fees in the highest range.

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