



## REPORT FOR INFORMATION

# Supplementary Report - EC8.16 - Provincial Funding Changes and Previously-Approved Child Care Capital Projects - Update

**Date:** October 28, 2019

**To:** City Council

**From:** General Manager, Children's Services

**Wards:** All

### SUMMARY

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This is a supplementary report that provides additional information on the provincial funding changes outlined in 2019.EC8.16 - *"Provincial Funding Changes and Previously-Approved Child Care Capital Projects - Update"*.

On October 25, 2019, the Province of Ontario provided Ontario's 47 service system managers (responsible for the management of child care services) with confirmation of their 2020 Provincial Allocations. For the City of Toronto, the 2020 Provincial Allocation confirms:

- a \$15.000 million decrease in Expansion Plan funding;
- an increase of \$12.272 million in Core Funding (primarily for child care fee subsidies); and
- the elimination of the Fee Stabilization Support funding of \$2.768 million, related to a one-time provincial program which is now completed.

The total impact to the City of Toronto is an overall funding reduction of approximately \$5.580 million in 2020, which includes a \$2.768 million impact from the previously announced ending of the time-limited Fee Stabilization Support program, and a reduction to funding that primarily supports child care fee subsidies of \$2.812 million. These impacts will be included for consideration in Children's Services' 2020 Operating Budget Request.

## FINANCIAL IMPACT

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Table 1 of this report identifies an overall \$5.580 million reduction in provincial funding which is comprised of a reduction of \$2.768 million for the 100% provincially funded Fee Stabilization Support program as well as \$2.812 million reduction in funding that primarily supports child care fee subsidies. These impacts will be included in the 2020 Operating Budget Submission for consideration against other City priorities.

The Chief Financial Officer and Treasurer has been provided the financial impacts associated with this program for review as part of the 2020 budget process.

## DECISION HISTORY

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On October 16, 2019, the impacts of provincial funding changes were reported to Economic and Community Development Committee

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EC8.16>

## COMMENTS

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On October 25, Toronto Children's Services received confirmation of their provincial funding allocation for 2020 from the Province of Ontario. The allocation is comprised of a combination of funding for core services delivery and other designated programming, with separate cost-sharing relationships, service targets, and eligibility requirements.

Funding for core services delivery and other operating allocations, which is used primarily for child care fee subsidies for families, has increased by \$12.272 million in 2020, from \$303.999 million to \$316.271. There has been no change to the cost-share requirement for this funding, which remains a mix of 100 per cent provincially funded and 80/20 provincial-municipal cost-share.

Provincial Expansion Plan funding, which is used primarily for child care fee subsidies and to support affordability for all families, has decreased by \$15.085 million in 2020, from \$74.966 million to \$59.881 million. This decrease is as a result of the change to the cost-share policy for this funding stream, and is consistent with the estimate reported recently to Economic and Community Development Committee ([2019.EC8.16](#)). This funding was previously 100 per cent provincially funded, and beginning in 2020, the City is being asked to cost-share at an 80/20 ratio. The impact of this funding reduction has been partially offset by the increase in funding for core services delivery as noted above. This change to the cost-share is confirmed to continue in 2021.

As previously announced, Fee Stabilization Support Funding has been eliminated, with a funding impact of \$2.768 million. This was a one-time program intended to mitigate the impact of the minimum wage increase in 2018, which the Province considers to be complete. Both the funding and the requirement to deliver the program on behalf of the Province has been eliminated.

The table below summarizes the year-over-year changes to the provincial funding allocation for child care delivery:

Table 1: 2019 vs. 2020 Comparison of Provincial Funding Allocation (\$ millions)

Description of Funding	2019 Allocation	2020 Allocation	Change
Core Services Delivery and Operating Allocation	\$303.999	\$316.271	\$12.272
Provincial Wage Enhancement (incl. Administration)	\$44.683	\$44.683	-
Expansion Plan (Provincial)	\$74.966	\$59.881	(\$15.085)
Early Learning and Child Care (Federal)	\$28.671	\$28.671	-
Base Funding for Licensed Home Child Care	\$5.927	\$5.927	-
<b>Total – Operating Allocation</b>	<b>\$458.245</b>	<b>\$455.433</b>	<b>(\$2.812)</b>
<b>Less: Elimination of Fee Stabilization Support</b>	\$2.768		(\$2.768)
<b>Total Change in Funding</b>	<b>\$461.013</b>	<b>\$455.433</b>	<b>(\$5.580)</b>

Children's Services remains committed to providing a high-quality early years system that supports positive outcomes for children and families, and will continue to work to mitigate impacts of changes wherever possible. Over the coming months, the City will continue to participate in provincial/municipal program specific tables with fiscal sustainability as the key priority. Children's Services will continue to work with the Province and service provider partners to manage and implement changes to Toronto's child care and early years system.

## CONTACT

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## SIGNATURE

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## ATTACHMENTS

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