

2024-01-25

To: City of Toronto Budget Committee
Councillor Shelley Carroll, Budget Committee Chair

cc: Mayor Olivia Chow
Councillor Alejandra Bravo, Chair ECDC Committee
Councillor Jaye Robinson

From: Katherine Cheung, Denlow Community Child Care

Dear Committee Chair Shelley Carroll, et al:

Thank you to the Budget Committee for welcoming comments from the public, and to the city staff and politicians for working so hard to create a City Budget that supports the citizens of Toronto. My name is Katherine Cheung. I am the Executive Director of Denlow Community Child Care.

First, we commend the City & the team at Children's Services for preserving service levels in this budget. As a homeowner, as well as a childcare advocate, I support the City's proposal to increase property taxes to help cover city services that protect our most vulnerable citizens. We must invest into our city, and this budget is a good start.

High quality, affordable, accessible childcare is critically important for children and families, achieving equity for women and communities, and the economic success of Toronto. We must continue investments from all levels of government to ensure all neighbourhoods and families will benefit from this important service.

I would like to comment on the adequacy of the City operating and capital budget, and the need for greater investment from the Federal and Provincial governments. With the introduction of the Canada-Wide Early Learning and Child Care Agreement and funding, also known as CWELCC and \$10 a day daycare, the Children's Service's budget is now one of the largest base budgets in the city.

Both the provincial and federal governments are now responsible for subsidizing childcare, along with City cost-sharing. The federal government has transferred significant funding to pay for the 50% fee reductions for all families. This is intended to go to \$12 in Toronto by 2026. This federal funding is transferred to municipalities through the Province, who, in turn allocates it to childcare centres. Regrettably, the "fee replacement" funding given to centres is based on fees frozen at 2022 rates. In addition, the Province has provided a cost inflation factor of only 2.1%, which is inadequate to cover increased salary pressures and inflationary costs our centres are facing. Wage funding under the Provincial "workforce strategy" is also inadequate and will only benefit about a third of Toronto's childcare workforce. This funding has yet to be confirmed, adding to greater uncertainty.

Childcare centres submit budget requests to the City in November, but do not know what costs will be covered until well into the first quarter. Centres struggle to maintain financial viability as they wait for final budget approvals, often with cash flow challenges and deficits looming.

The CWELCC program provides welcomed new increased funding each year until 2026. However, the way Ontario is rolling out the program has posed challenges. Ontario has not committed new funding for childcare, either freezing or reducing contributions. In fact, the 2024 allocations eliminated \$24M in Transition Funding, placing even greater pressure on municipal system managers.

Toronto needs additional funding and policy changes from both the Ontario and Federal governments to ensure the success of the CWELCC program.

Toronto's childcare sector needs:

- Increased wages to address continued staff shortages and provide real wage and benefit improvements that achieve parity with the public sector;
- increased operating funding to cover the real cost of inflation for childcare centres;
- capital funding to build new centres to ensure equitable access to affordable childcare for all communities;
- approval of provincial funding for new childcare centres in schools in underserved areas of the city.

We are hopeful that the City's current budget will support the budget requests of Toronto's purchase of service childcare sector; however, it is unknown at this point if it will.

We have specific recommendations for the Mayor and Council:

The City reinforce previous recommendations of City Council and report out further on provincial and federal funding:

We recommend the City to:

1. Call on the provincial government to recognize and fund the actual cost of childcare in Toronto, and restore the \$24M cut in provincial funding;
2. Create an implementation plan to increase childcare wages to achieve parity with public sector staff to address the workforce shortage;
3. Report to the Economic and Community Development Committee and the proposed Childcare Roundtable with an update on the 2024 provincial and federal funding and the impacts on the childcare sector, and the new proposed Funding Formula;
4. Call for Federal and Provincial funding to support the growth targets of the City.

The childcare community wants to work collaboratively with Children's Services and the city. We know staff are doing their best to work with the sector. We will expect the city to work with the province to secure adequate funding. At the end of the day, if centre budgets are not covered, the city will have to consider how they will support childcare centres.

Save It – Fund It – Build It. This is our ask!

Yours sincerely,



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