

City of Toronto
Service Efficiency Study Program:
Children's Services Division

Statement of Work for External Management Consultants
Roster Assignment # 9144-11-7001-Cat2MC16-12

September 10, 2012

1. Background

- a) The City Manager has established a Roster for the provision of consulting services for a range of Assignments (REOI # 9144-11-7001).
- b) This Statement of Work (SOW) is provided in accordance with the requirements of the REOI, and the Assignment will be conducted within the terms and conditions stated in the REOI, especially Appendix B, and its Addenda. For purposes of clarity, some REOI terms and conditions may be repeated in this SOW.
- c) The City Manager wishes to engage an external Management Consultant to assist with Toronto's Service Efficiency Study of the Children's Services Division.
- d) As set out in the City Manager's report to Council dated January 6, 2012 (refer to D. in Section 7) the City continues to face difficult decisions in 2012 and future years to meet its budget challenges. To support City Council's 2013 budget deliberations, the City Manager will undertake Service Efficiency Studies of several City divisions, agencies, and cross-cutting functions.
- e) Invited Consultants are required to submit a proposal and work plan tailored to the Service Efficiency Study or Studies as described in this SOW. The submission will include, at a minimum:
 - o Proposed work program with work plan and deliverables;
 - o Time schedule;
 - o Inclusion on the consulting team of extensive subject-matter-expertise in the children's services sector of service delivery;
 - o Total costs/fees; and
 - o Any other information required in response to this SOW.
- f) Proposals submitted by invited Consultants will be assessed in terms of completeness of the work program, understanding of the assignment, appropriateness of methodologies, appropriateness of the Consultant team, acceptable time frame and schedule for the work, and acceptable cost.

- g) An interview may be held at the sole discretion of the City to refine service scope, prioritize issues, or review the respective responsibilities between the City staff team and the Consultant and proposed team members.
- h) An agreed upon work plan including timelines and deliverables and cost/fees will be approved by the City prior to the commencement of the assignment, through a letter of agreement.

2. Project Purpose

The City has begun a program of Service Efficiency Studies. Several areas have been identified for review during 2012 including the Children's Services Division. The purpose of the Service Efficiency Studies is to identify and supply actionable recommendations that will provide the maximum of service efficiency savings in the shortest period of time. To that end, the project review should consider a broad range of strategies and apply the most effective methodologies to achieve the stated purpose, for example:

- Business process and work methods streamlining;
- Organizational restructuring;
- Outsourcing;
- Automation;
- Shared services;
- Service innovation; and
- Service adjustments.

The results of the Service Efficiency Studies will be reported to the City Manager and will be implemented through the annual budget process whenever possible.

3. Services Required – Overall Role & Deliverables for External Consultant

a) Background Data & Information:

The Children's Services Division in consultation with the City Manager's Office will provide general background data and information, including:

- (i) Suggested areas of study focus to be reviewed and assessed by the Consultant (provided in Section 5, Study Focus);
- (ii) Information on services, service levels and standards, activities and types;
- (iii) Financial and budget data;
- (iv) Organization charts;
- (v) Workforce data including staffing information;

- (vi) Recent organizational and service reviews, policy directions, reports and Council decisions;
- (vii) Business process data;
- (viii) All other available information related to particular services and activities.

b) Consultant Deliverables:

Working with City staff, the external Management Consultant's role and deliverables will include:

(i) *Confirm Focus Areas and Methodology*

Using the baseline information, initial focus areas suggested by the City and additional data, identify the areas of focus and the most appropriate methodologies with the greatest potential for cost savings and improved service delivery.

(ii) *Assess Service Efficiency*

Within the areas to be focussed on:

- Identify and assess the costs and cost drivers of current practice;
- Review and assess services, activities and methods;
- Compare against service providers in other jurisdictions using comparable and relevant best practices;
- Analyze and compare service benchmarks and measures; and
- Assess against other relevant information.

(iii) *Identify and Recommend Opportunities for Improved Efficiency and Cost Savings*

- Identify and recommend changes to work methods, processes, responsibilities, and other factors that will result in the most cost savings and the greatest improvement in service delivery;
- Identify opportunities for introducing more cost-effective and efficient program delivery applications that would result in the same benefits;
- Provide cost savings estimates and implementation details and steps that will address the changes you have identified and recommended;
- Provide advice and recommendations about which changes can be made quickly, e.g., savings in 2012, or 2013, and which will take longer to implement;
- Identify and provide advice on the costs required to make changes including any short term financial investments; and

- Provide advice about any risks and implications for service delivery, policy development, finances, cross divisional or enterprise wide human resource impacts, and other effects of alternatives and changes.

(iv) *Provide reports and documentation*

Provide documentation, reports and presentations for the City Manager as required for each of the deliverables and providing other advice as identified throughout the review process.

(v) *Work with divisional and agency staff as required.*

(vi) *Attend, support and provide documentation for status and/or planning meetings with the City Manager, the designated Project Manager, the divisional General Manager, the City staff team, the City Steering Committee established for Service Review activities, and/or other officials as may be required.*

4. Project Reporting Process and Time Line

- a) The Service Efficiency Studies will be conducted on an accelerated timeline;
- b) The City wishes to engage the external Management Consultant by early October 2012 with completion of the final report by no later than mid-December, 2012; and
- c) Wherever possible the results of the Service Efficiency Studies will be reported out through the City's 2013 Budget Process.

5. Service Efficiency Study – Specific Areas of Review for the Children's Services Division

5A. Overview of the Children's Services Division

The Children's Services Division plans, manages and funds Toronto's child care system. Toronto's child care system is the largest in Ontario and the second largest in Canada. In partnership with the community, the division promotes equitable access to high quality care for children and support for families and caregivers. Children's services are planned, managed and provided in ways that promote early learning and development, respond to families' needs and choices and respect the diversity of Toronto's many communities. An integrated approach to providing services to children ensures public value and benefit to all. See Attachment A and B for the Division's Program Map and Organizational Charts.

Children's Services is responsible for managing a system that includes:

- Licensed child care
- Subsidy management
- Supporting children with special needs in licensed child care
- Supporting Aboriginal and Francophone families to access licensed child care
- Family support programs
- After-School Recreation Care (ARC)
- Summer Day Programs

The provision of child care in Ontario and supporting services is governed by the *Ontario Day Nurseries Act, 1990* and associated Regulations. Under Provincial legislation, Children's Services is designated as the Service System Manager of child care services in Toronto and has responsibility for planning and managing a broad range of child care services, including service system planning, resource allocation, accountability, and quality assurance. Provincial legislation, regulation and policy coupled with the Council direction and principles contained in the *Toronto Child Care Service Plan 2010-2014* guide the Division's planning and decision-making.

The Division has two main service areas, including Child Care Delivery and Child Care Service System Management which provide the following services:

(i) Child Care Delivery

Delivers high quality regulated child care through a combination of directly operated child care and contracted child care to infants, toddlers, pre-school children, kindergarten aged children and school-aged children. Toronto's child care system includes:

- 924 child care centres which operate 53,500 spaces.
- 53 child care centres and one home child care agency are directly operated by the City of Toronto (2820 licensed child care spaces).
- 637 child care centre operated by non-profit agencies (35,991 licensed child care spaces).
- 233 child care centres operated by commercial, for-profit (14,689 licensed child care spaces).
- 20 homes child care agencies which manage approximately 3,200 spaces in 930 homes.
- 635 child care centres and 10 home child care agencies have a service contract with the City of Toronto to provide child care to families receiving fee subsidy.

(ii) Child Care Service System Management

Children's Services is designated as the City's child care service system manager and as such has responsibility for planning and managing a broad range of child care services required under the legislation, including:

Child Care Planning and Development

- Plan and manage Toronto's child care systems in accordance with Council approved Child Care Service Plan and provincial guidelines.
- Develop and implement strategic and service plans including the Child Care Service Plan.

Subsidy Eligibility Assessment

- Manage and implement the provincially regulated Income Testing to determine subsidy eligibility.
- Manage the centralized fee subsidy waiting list that is currently at 21,167.

Child Care Funding and Subsidies

- Grant child care subsidies to 24,000 eligible children and their families in accordance with provincial guidelines and Council approved principles of age and geographic equity, including fee, wage and family resource centre subsidy.
- Negotiate and manage service contracts with 635 child care centres and 10 home child care agencies to provide child care to families receiving fee subsidy.
- Undertake audits of agencies receiving fee subsidies, including an annual detailed review of their operating budgets.
- Ensure accountability through quality assessments of all child care centres under contract with the City for fee subsidies and publicize the results to assist parents in finding high quality child care.
- Manage wage subsidy grants aimed at assisting operators with the salary needs of their organization which in turns addresses the affordability of care for families. Currently, 672 programs receive a wage subsidy.

Special Needs Resourcing

- Support children with special needs in licensed child care.
- Collaborate with 22 community agencies to provide enhanced services so children with extra support needs are included in licensed child care programs. Services include individual consultation for children and staff training and support.

Support Services

- Provide online support through web-based administrative processes.
- Provide online and 311 applications for fee subsidy.
- Provide information to the public on child care.
- Provide funding for the provision of family support programs to caregivers through unlicensed play-based learning and caregiver training and support. There are over 170 family support programs serving Toronto families and children.

2012 Approved Operating Budget

The 2012 approved Operating Budget for Children's Services is \$392,491.2M (gross) and \$75,802.3M (net), representing 4.2% of the City's total budget. Funding for child care services varies by services; some services are funded 100% by the City or the Province; while others are cost-shared at 80/20 or 50/50. The Province funds services and costs up to a pre-determined ceiling as follows:

- 80 per cent of the net cost of the following "prescribed services":
 - regular child care fee subsidies
 - Ontario Works (OW) child care
 - family resource programs
 - special needs resourcing
 - wage subsidy
 - Health and Safety expenditures
- 100 per cent of net costs for programs covered under the Best Start Strategy
- 50 per cent of approved administrative costs, not including OW administration

An issue for the City is that the funds that it currently receives from the Province are less than what the cost-sharing percentages prescribe. Provincial funding is not indexed hence while service costs increase over time, the provincial share of funding declines over time. As a result, the City now pays 100% for 2000 fee subsidies. It is estimated that 69% of the Children Service's budget is cost-shared with the Province. Provincial funding of child care remains at 1996 levels.

5B. Core Service Review

In 2011, Toronto conducted a Core Service Review of all its services and agencies with assistance from KPMG LLP. The Core Service Review examined what services the City delivers and at what service level. Using a core service filter, the City's services were assessed along a core continuum and ranked by the following categories:

- Mandatory: required by legislation;
- Essential: critical to the operation of the City;
- Traditional: provided by virtually all large municipalities for many years; and
- Other/Discretionary: provided by the City to respond to community needs.

KPMG also put forward options and opportunities for the City's consideration to change services and service levels, provided preliminary information on the risks and implications of making these changes and potential timelines for implementation and provided a high level order of magnitude of potential savings for each opportunity. The opportunities identified through the Core Service Review related to Children's Services as stated by KPMG, include:

- Review child care funding and subsidies to reduce the funding and subsidies.
- Consider transferring the city-operated child care centres to community or private operators.
- Consider making changes to city operated program structure consistent with the full-day kindergarten initiative.
- Consider reducing the maximum subsidized per diem rates the City will support to levels near the average rates of non-profit providers.
- Consider whether quality assessments are required.

The service profile for Children's Services developed by KPMG for the purposes of the Core Service Review is attached as Attachment C.

5C. Study Focus

The focus of this study is to deliver the Services required in this Statement of Work (in part 3(b) above). In undertaking this work the consultant will have regard to the City's 8 principles captured in the Council adopted *Toronto's Child Care Service Plan 2010-2014* that guide the provision of child care in Toronto. The following areas have been identified for review and analysis:

- Review Other Jurisdictions and Best Practices
- Stakeholder Consultations
- Mixed Child Care Delivery Model
- Child Care Services System Management – Quality Assurance Role and Child Care Operator Budget Process
- Transition Plan to Full Day Early Learning Kindergarten (FDELK)

Part A – Review Other Jurisdictions and Best Practices

The consultant will:

- Undertake a streamlined review of expert and academic literature that identifies measures of quality of care for child care, best practices, and emerging challenges and risks that should guide service delivery.
- Review the delivery of child care services in comparable jurisdictions, with jurisdictions to be determined in consultation with the Deputy City Manager and General Manager.

Part B - Stakeholder Consultations

The consultant will undertake stakeholder consultations to inform the analysis and proposed options and recommendations, including:

- Plan and undertake consultations that will include key stakeholders such as: clients/municipal child-care parents, academics, child-care operators, boards of education, the Province of Ontario, CUPE 79, the Toronto Child Care Advisory Committee (consisting of 4 district committees), the Early Learning and Care Committee, and the expert panel on child-care, in order to ensure that public input and feedback informs the study process, including the development of recommendations and options.
- The final list of stakeholders to be consulted will require approval by the City of Toronto as part of the study work plan and prior to the commencement of services.

Part C – Mixed Child Care Service Delivery Model

The Children's Services Division operates a mixed service delivery model that combines directly operated municipal child care services, and non-profit and commercial providers. Toronto's licensed child care system is composed of 923 child care centres and 20 home child care agencies collectively providing 56,500 licensed child care spaces which include 53,000 centre based spaces and 3,500 home based spaces.

Under the current model, sixty-nine percent (or 637) child care programs are operated by non-profit organizations, 25 per cent (or 233) are operated by commercial operators, and 6 per cent (or 53) are directly operated by the City. This mix allows for flexibility in service delivery, and enables the City to operate specialized services to assist children with special needs (including complex cases that cannot be accommodated by other operators), and provide services to a large number of younger children, single parent families and families living below the low-income cut-off (LICO).

In 2005, City Council adopted to only establish agreements with non-profit providers for the provision of child care. Existing arrangements with commercial providers have been grand-parented.

Fee Subsidy Management

Each child care centre is responsible for setting their public fee. These fees are then used in conjunction with a centre-approved budget to establish per diem rates. The per diem rate is the maximum subsidy the City will pay on behalf of an eligible family for a particular centre. These fees vary across age groups and between centres. Based on current funding levels, 24,000 full time child care fee subsidies are available to help families with the cost of child care. The Province cost-shares with the City 22,000 subsidized spaces. Fee subsidies are allocated to a specific child rather than a specific child care program. Subsidies are allocated using Provincially-legislated income testing. There are over 21,000 children on the waiting list for a child care subsidy. Due to the limited number of fee subsidies, Toronto City Council approved an equitable distribution whereby each City ward receives a share of the 24,000 full time fee subsidies based on the proportion of children in the ward who are living below the low-income cut-off.

The consultant will:

- Review the City's current mixed child care delivery model to assess and evaluate the costs (per-diem rates and cost-drivers), funding and subsidies, client base, quality of care attributes and benefits of municipal, not-for-profit and for-profit/commercial operated child care services.
- Based on the assessment of the City's current mixed child care delivery model, and the findings from Part A and B, make recommendations on the most efficient delivery model for child care services that takes into consideration maximizing quality care for children, building community capacity, Toronto's unique demographics with respect to the number of children living in poverty, service quality, and service impact. The recommendations must include specifics on the following attributes:
 - principles and criteria for determining the child care delivery mix;
 - the role of municipal delivery within the child care system;
 - proportion of child care that should be delivered directly by the City;
 - alignment with the City's Transition Plan to Full Day Early Kindergarten;
 - identify strengths, limitations, risks and challenges including potential implications with respect to costs, per-diem rates and subsidies, service delivery, staffing requirements, quality of care for children, funding and cost-sharing balance, and legislative requirements; and
 - opportunities for re-engineering support services, including outsourcing, at directly operated child care centres.

- If the consultant is proposing changes to the City's child care delivery mix, include specifics on the following:
 - estimated order of magnitude cost saving for 2013 and future years; and
 - a detailed implementation work plan, time lines and estimated implementation costs including phased implementation if appropriate.

Part D – Child Care Services System Management – Quality Assurance Role and Child Care Operator Budget Process

Under Provincial legislation, Children's Services is designated as the Service System Manager of child care services in Toronto and has oversight responsibilities for all child care operators with service contracts with the City, including but not limited to, negotiating and managing their service contracts, undertaking regular quality assessments and annually reviewing their budgets and approving proposed rates.

Approximately 70 per cent (or 635) of Toronto's child care operators have a service contract with the City and receive some government funding in the form of fee and/or wage subsidy. Children's Services manages its service contracts in accordance with the *Ontario Day Nurseries Act* and associated Regulations, Provincial Child Care Services Management Guidelines as well as City policies including Operating Criteria for Child Care Programs.

The Consultant will review the following two service system manager responsibilities:

- Conduct an analysis of the Division's current child care operator budget process and assess against the streamlined process to be implemented as part of the Division's information system upgrade to maximize opportunities to streamline and automate the process.
- Conduct a review and cost-benefit analysis of the Division's quality assurance role for child care services and explore partnership and coordination opportunities to enable a broader application of the City's criteria beyond Toronto and cost recovery options.

Part E – Transition Plan to the Provinces' Full Day Early Learning Kindergarten Program – Strategic Responses and Directions

The implementation of Full Day Early Learning Kindergarten (FDELK) will impact the provision and delivery of child care in Toronto. By September 2014, all elementary schools in Ontario will offer FDELK to all children 4 and 5 years of age. As a result, Toronto's existing child care system will no longer provide care for 4 and 5 year olds. It is estimated that there are

13,000 children JK/SK aged in licensed child care who will move to FDELK incrementally over the next 3 years. The implementation of this program will impact the cost structure of child care operators, the costs of subsidies, and service levels across the child care system. System changes will evolve incrementally until full implementation of the program.

To properly understand and mitigate the impacts of FDELK, Children's Services has undertaken a comprehensive ward-based analysis of the impact of FDELK on Toronto's child care system, including service impacts and child care operators' capacity to cope with the changes. Children's Services has determined that in order to effectively manage the transition, the City requires transition operating and capital resources from the Province as well as legislative and regulatory amendments to the *Ontario Day Nurseries Act*.

Based on the analysis, Children's Service has developed a comprehensive system-wide transition plan to develop strategies to maintain service sustainability and system stability during and following the transition to early learning. The plan is intended to guide ward-based strategic investment, identify funding improvements, and any required policy supports or regulatory changes. In addition to the financial and legislative requirements noted above, its successful implementation requires demonstrated commitment from the boards of education to assume responsibility for delivering or contracting for the before and after school and holiday care of those children in FDELK.

The Consultant will:

- Review the Division's Municipal Child Care Services Strategic Plan and Transition Plan to Full Day Early Learning Kindergarten (FDELK), including the financial analysis, to ensure operational efficiencies are maximized and to validate the impact and mitigation strategies of FDELK on the municipal child care sector.

6. Project Management

The external Management Consultant will report to the City Manager through the Strategic and Corporate Policy Division. The City Manager's designate and key project contact is:

Lynda Taschereau
City Manager's Office
11th Floor, East Tower, City Hall
100 Queen Street West
Toronto ON M5H 2N2
Phone: 416-392-6783
E-mail: ltascher@toronto.ca

7. Attachments and Information

Respondents are reminded to refer to the original REOI and Addenda, especially Appendix B, Terms and Conditions. Additional information to assist with Responses to this Statement of Work is:

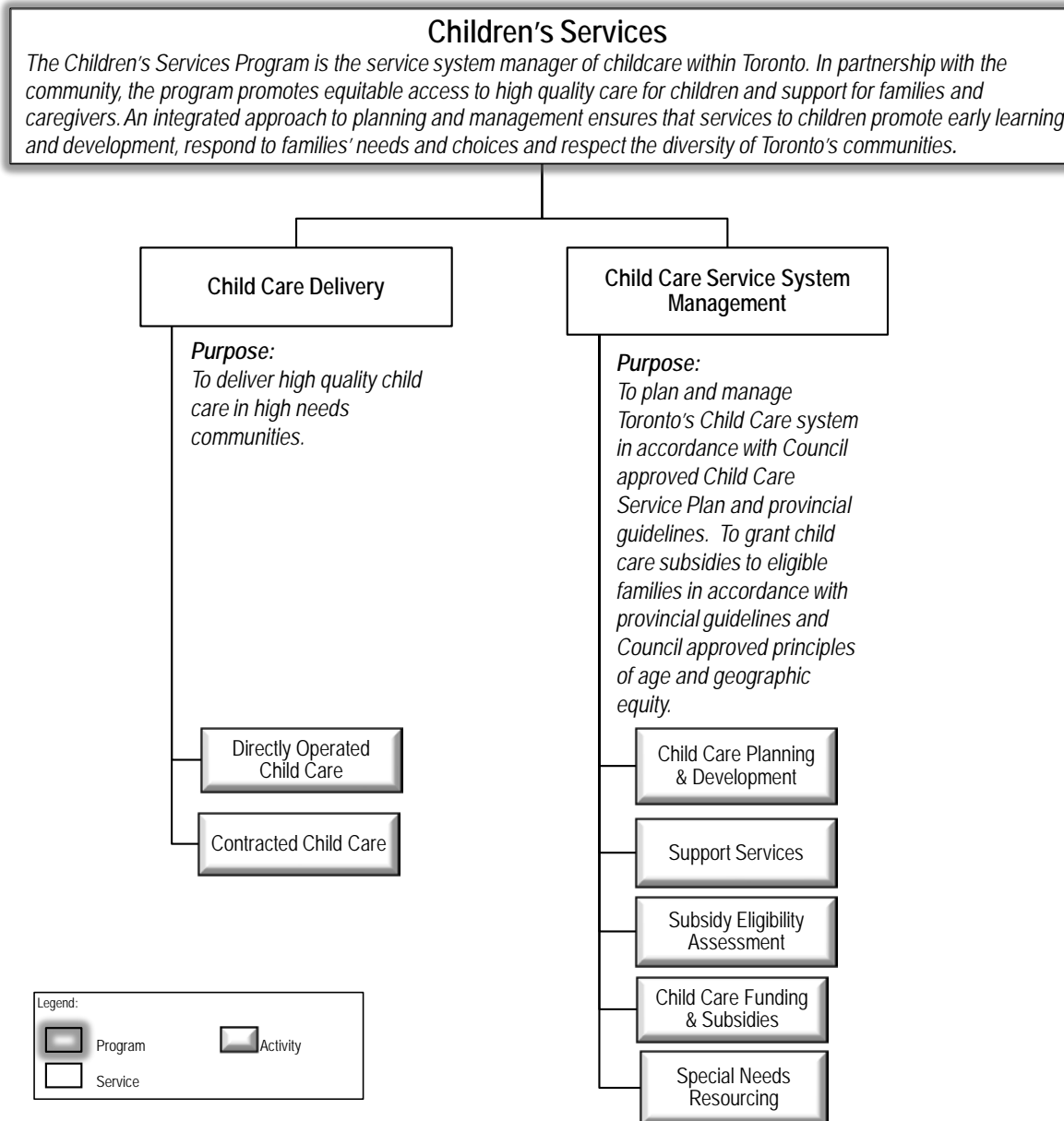
- A. Children's Services Division Program Map – [Attachment A](#)
- B. Children's Services Division Organizational Charts - [Attachment B](#)
- C. Children's Services Division KMPG Service Profile developed for the purposes of the Core Service Review – [Attachment C](#)
- D. Children's Services Division, Toronto Child Care Service Plan 2010-2014: http://www.toronto.ca/children/service_plan.htm
- E. 2012 Budget Information:
http://www.toronto.ca/budget2012/pdf/op12_an_cs.pdf
- F. Service Review website at:
<http://www.toronto.ca/torontoservicereview/>
- G. Report from the City Manager on the Update on the Core Service Review and Service Efficiency Studies (January 6, 2012) –
<http://www.toronto.ca/legdocs/mmis/2012/ex/bgrd/backgroundfile-44209.pdf>

Appendix A to Item BU21.1 - Status of Council Decision on the Core Service Review (January 6, 2012) –
<http://www.toronto.ca/legdocs/mmis/2012/ex/bgrd/backgroundfile-44210.pdf>

Appendix B to Item BU21.1 - Status of the Service Efficiency Study Program (January 6, 2012) –
<http://www.toronto.ca/legdocs/mmis/2012/ex/bgrd/backgroundfile-44211.pdf>
- H. Profiles of City Programs, Agencies and Corporations (as contained in Council Briefing Book, Volume 2) – Refer to [PDF document attached to the e-mail](#) inviting your firm to respond to this SOW.
- I. Panel Presentations to the Community Development and Recreation Committee on Children's Services (Item CD 11.1), March 27, 2012 -
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.CD11.1>

2012 SERVICE OVERVIEW AND PLAN

Program Map and Service Profiles



Service Customer

Child Care Delivery

- Parents / Guardians
- Children in Child Care
- Child Care Service Providers
- Families and Children

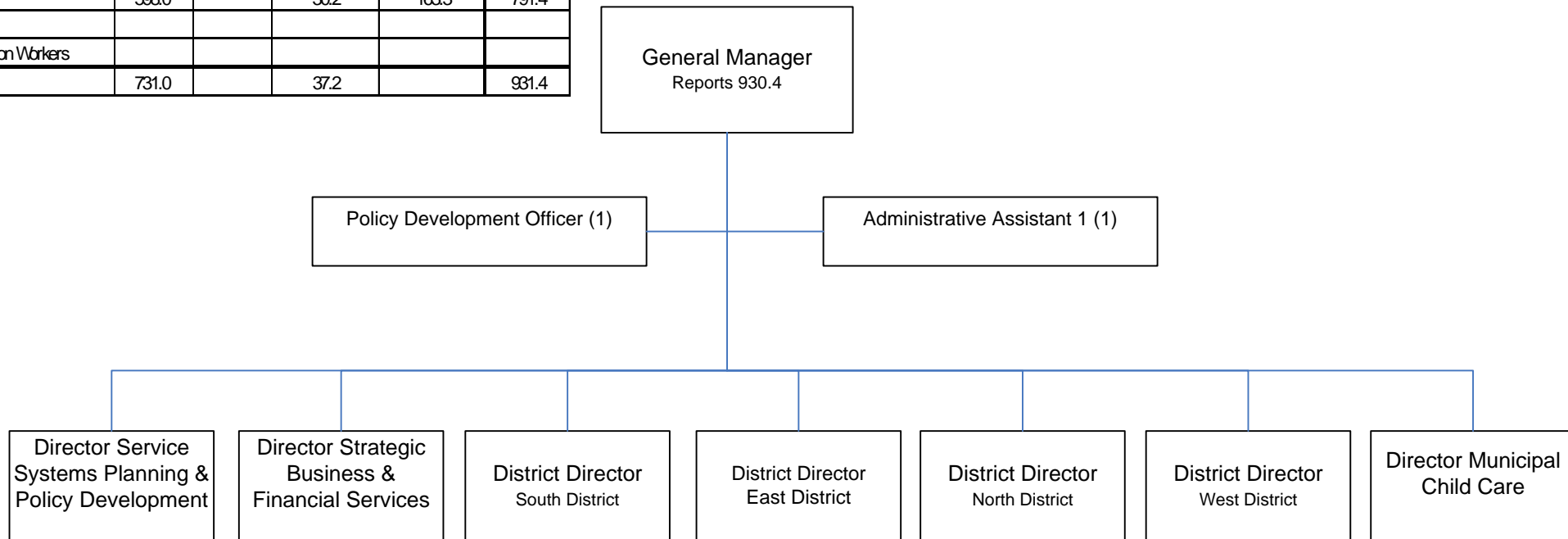
Child Care Service System Management

- Parents / Guardians
- Province of Ontario
- Child Care Service Providers
- Children in Child Care
- Families and Children

Children's Services Organization Structure – December 2013

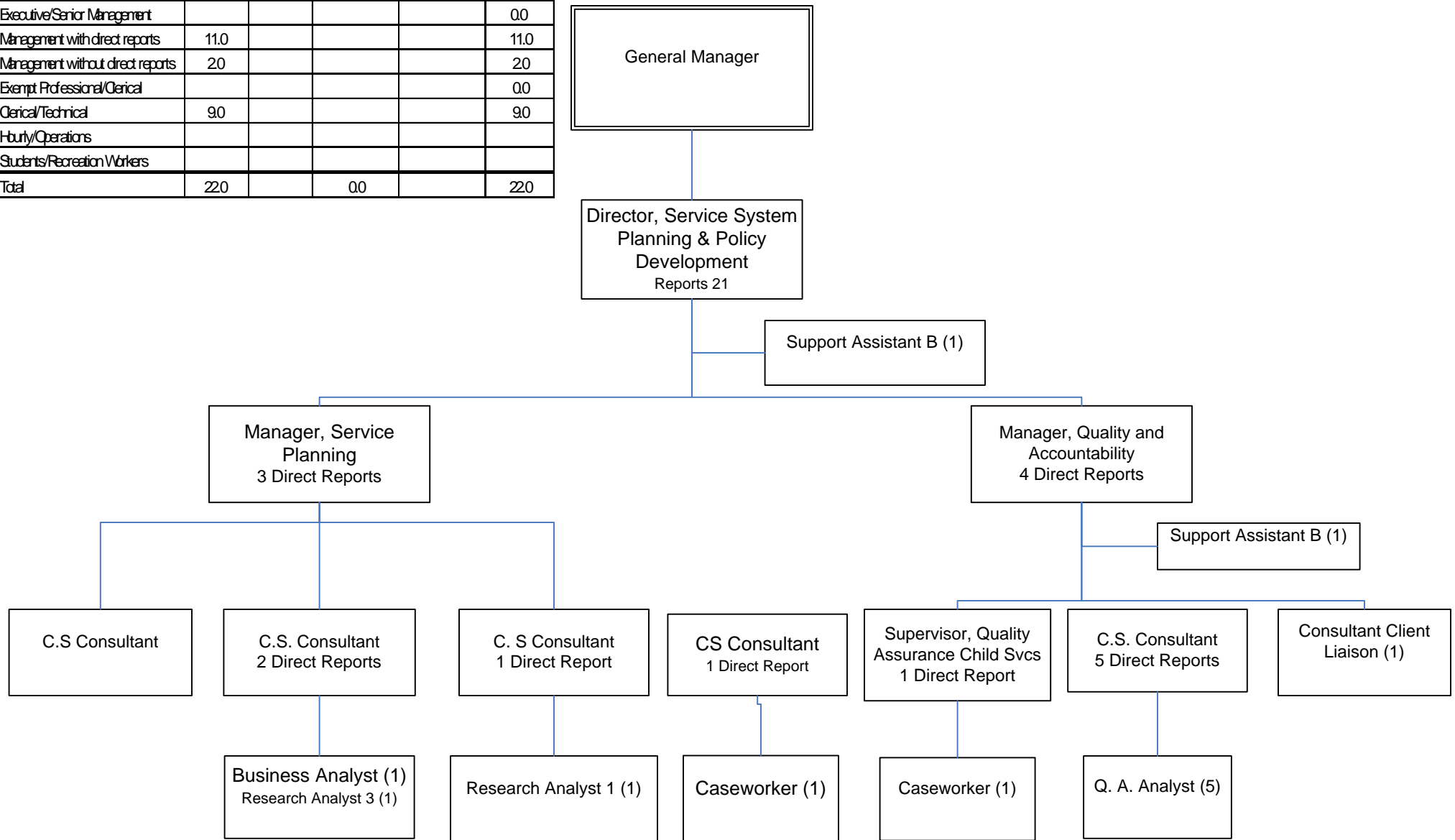
ATTACHMENT B

	Permanent/ Full-time	Permanent/ Part-time	Temp/Seasonal/ Casual Full-time	Temp/Seasonal/ Casual Part-time	Total
Executive/Senior Management	1.0				1.0
Management with direct reports	122.0		3.0		125.0
Management without direct reports	8.0		4.0		12.0
Exempt Professional/Clerical	2.0				2.0
Clerical/Technical	598.0		30.2	163.3	791.4
Hourly/Operations					
Students/Recreation Workers					
Total	731.0		37.2		931.4



Children's Services Service System Planning & Policy Development Organization Structure – December 2013

	Permanent/ Full-time	Permanent/ Part-time	Temp/Seasonal/ Casual Full-time	Temp/Seasonal/ Casual Part-time	Total
Executive/Senior Management					00
Management with direct reports	11.0				11.0
Management without direct reports	20				20
Exempt Professional/Clerical					00
Clerical/Technical	90				90
Hourly/Operations					
Students/Recreation Workers					
Total	220		00		220



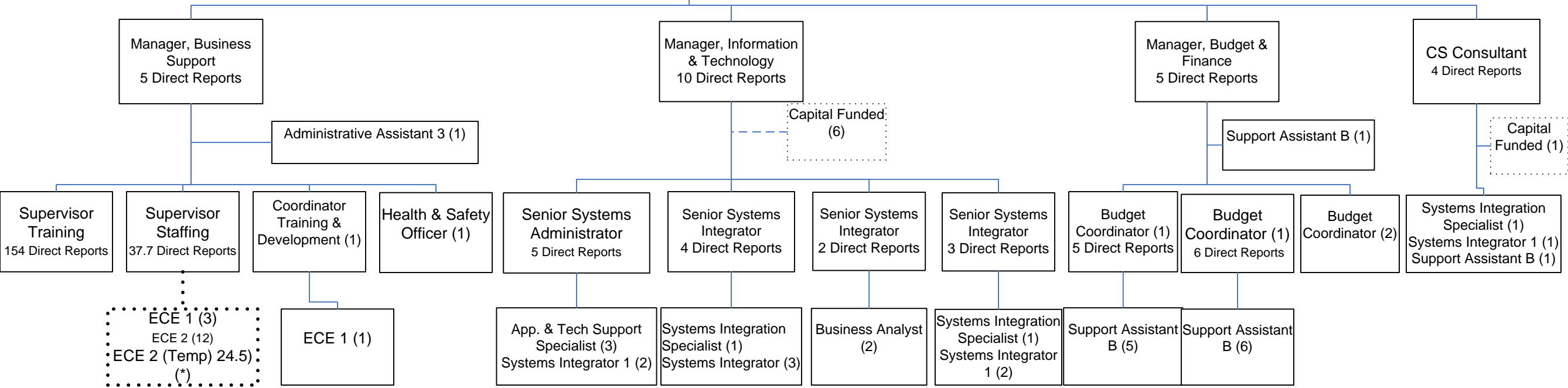
Children's Services Strategic Business & Financial Services Organization Structure – December 2013

	Permanent/ Full-time	Permanent/ Part-time	onal/ Casual Full-	al/ Casual Part-	Total
Executive/Senior Management					0.0
Management with direct reports	15.0			2.0	17.0
Management without direct reports	4.0			4.0	8.0
Exempt Professional/Clerical	1.0				1.0
Clerical/Technical **	30.0			2.0	32.0
Hourly/Operations					
Students/Recreation Workers					
Total	50.0			8.0	58.0

General Manager

Director,
Strategic Business &
Financial Services
Reports (57)+39.5 ECE 1
and 2

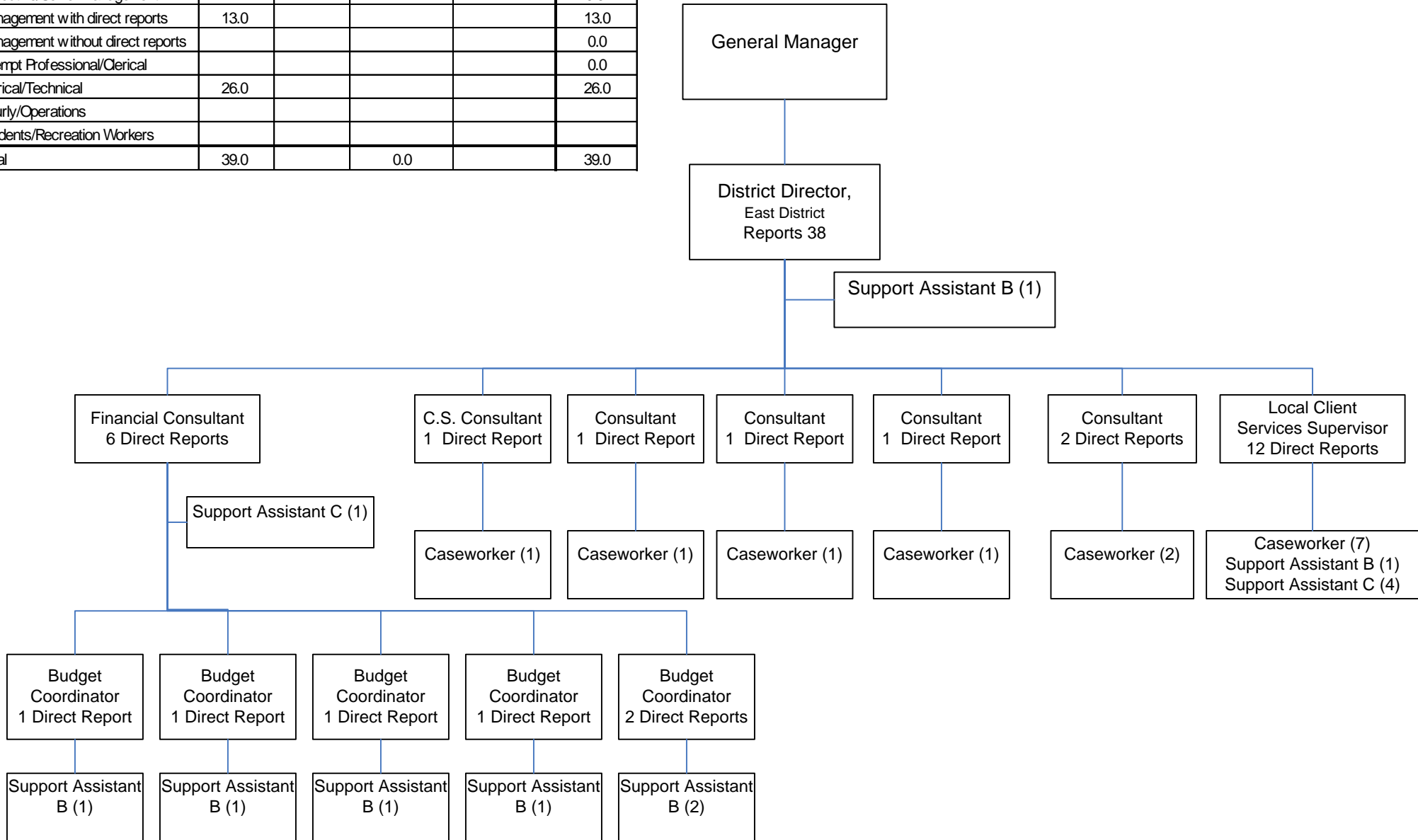
Capital Funded
(1)



(*) Staff replacement pool centrally assigned (FTE's). Budgeted under MCCS and managed by Business Support. Reflects a headcount of 165 ECE and 90 CCA's assigned to MCCS locations as needed

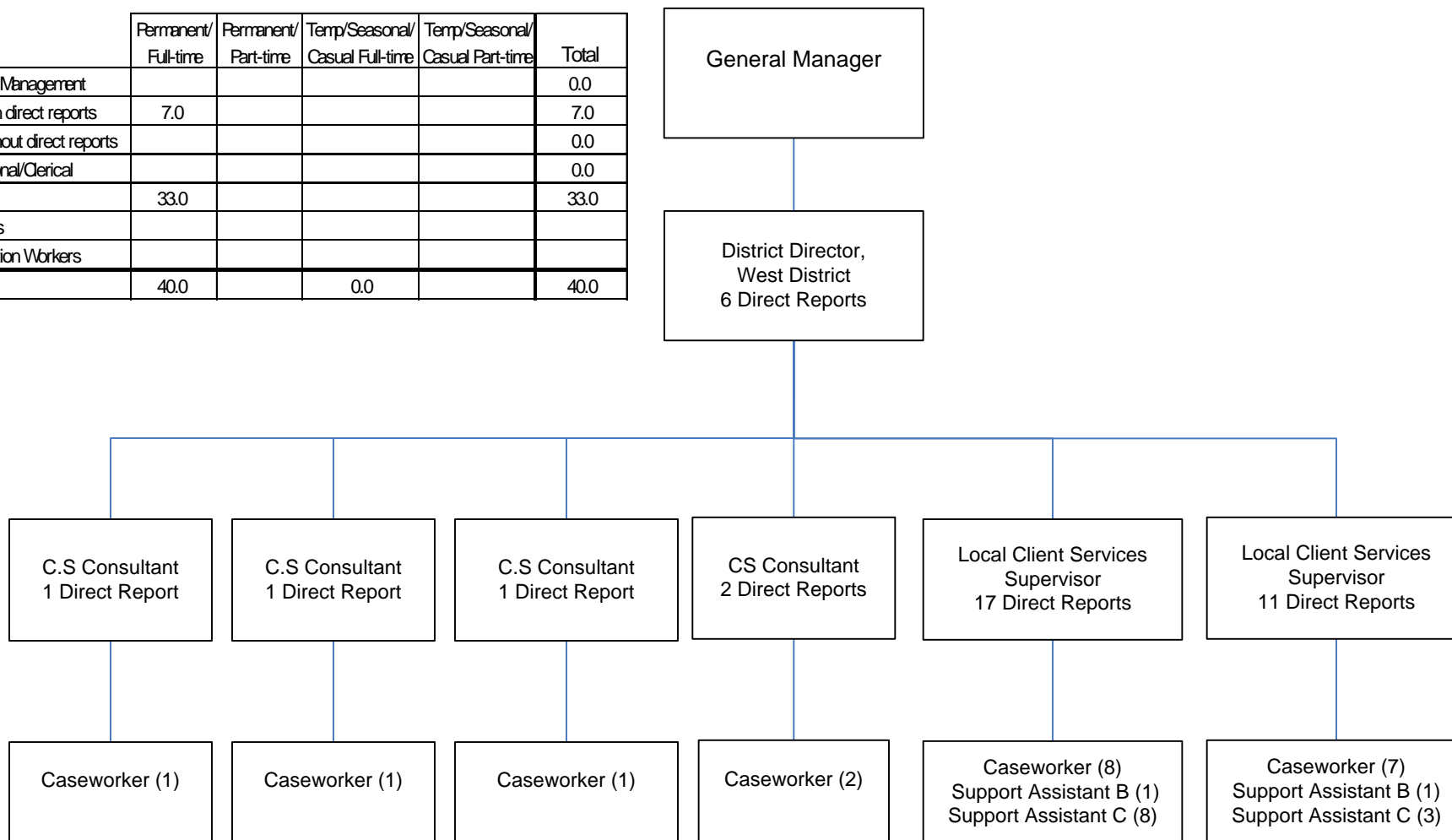
Children's Services East District Organization Structure – December 2013

	Permanent/ Full-time	Permanent/ Part-time	Temp/Seasonal/ Casual Full-time	Temp/Seasonal/ Casual Part-time	Total
Executive/Senior Management					0.0
Management with direct reports	13.0				13.0
Management without direct reports					0.0
Exempt Professional/Clerical					0.0
Clerical/Technical	26.0				26.0
Hourly/Operations					
Students/Recreation Workers					
Total	39.0		0.0		39.0



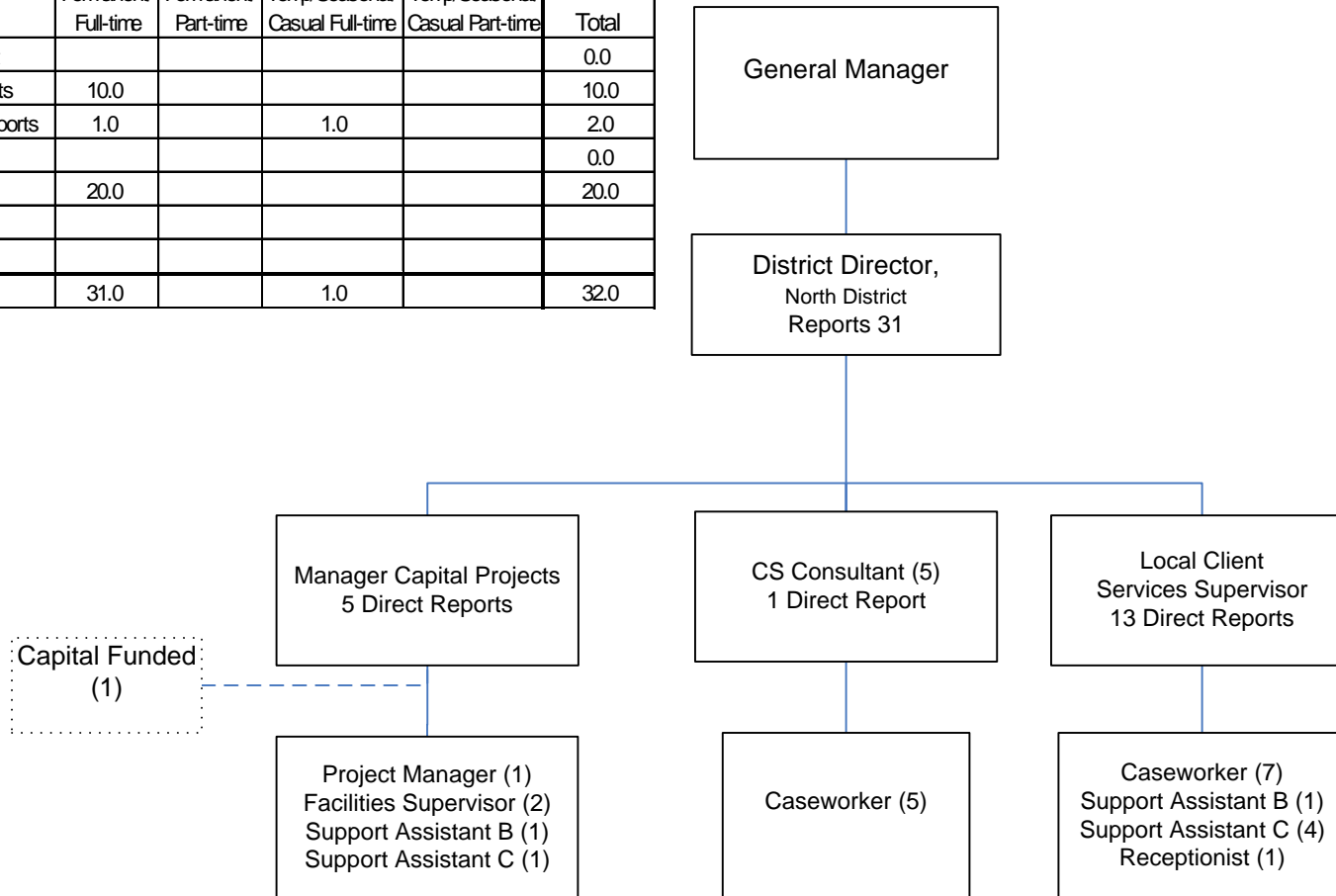
Children's Services West District Organization Structure May 2012

	Permanent/ Full-time	Permanent/ Part-time	Temp/Seasonal/ Casual Full-time	Temp/Seasonal/ Casual Part-time	Total
Executive/Senior Management					0.0
Management with direct reports	7.0				7.0
Management without direct reports					0.0
Exempt Professional/Clerical					0.0
Clerical/Technical	33.0				33.0
Hourly/Operations					
Students/Recreation Workers					
Total	40.0		0.0		40.0



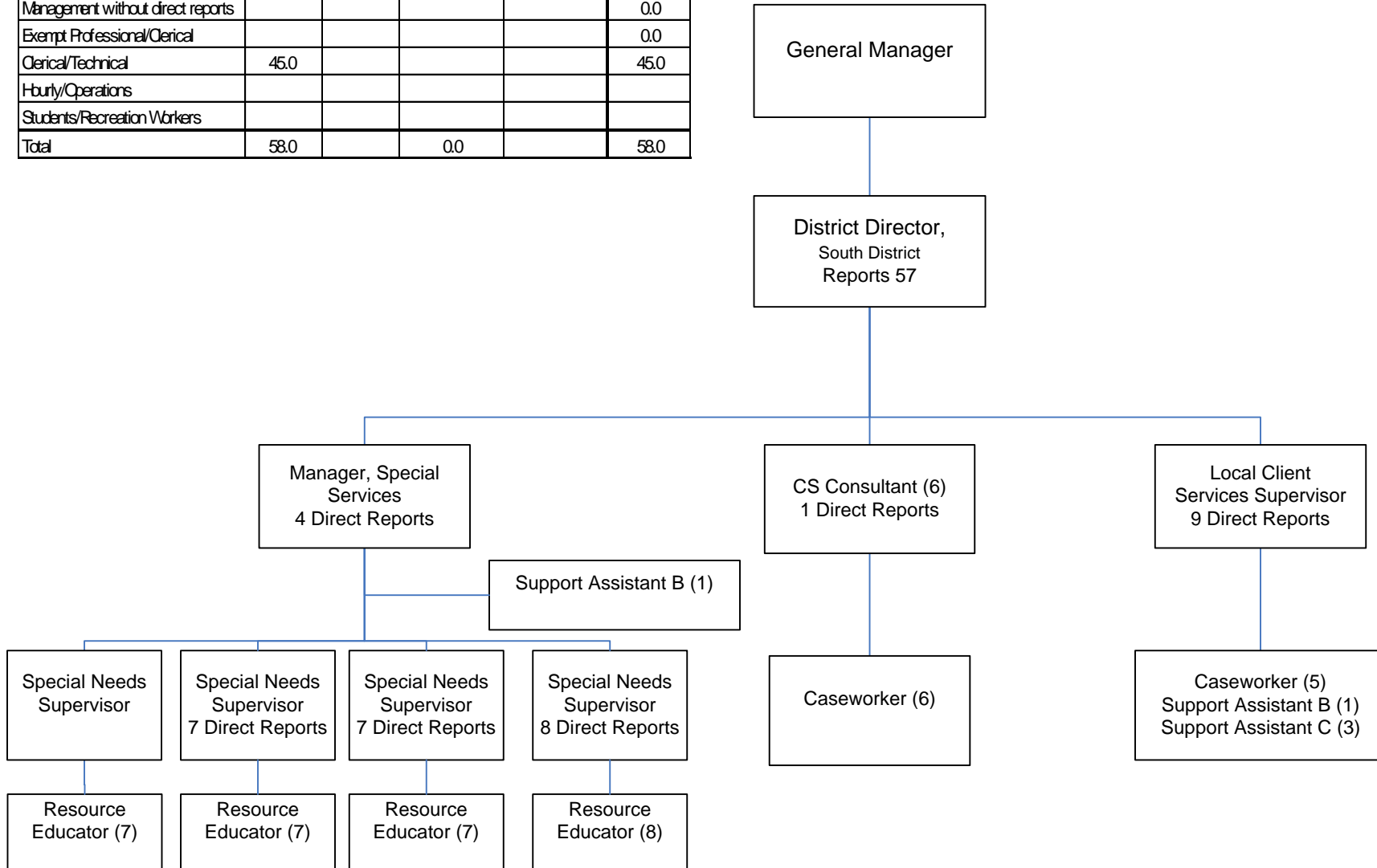
Children's Services North District Organization Structure May 2012

	Permanent/ Full-time	Permanent/ Part-time	Temp/Seasonal/ Casual Full-time	Temp/Seasonal/ Casual Part-time	Total
Executive/Senior Management					0.0
Management with direct reports	10.0				10.0
Management without direct reports	1.0		1.0		2.0
Exempt Professional/Clerical					0.0
Clerical/Technical	20.0				20.0
Hourly/Operations					
Students/Recreation Workers					
Total	31.0		1.0		32.0



Children's Services South District Organization Structure – December 2013

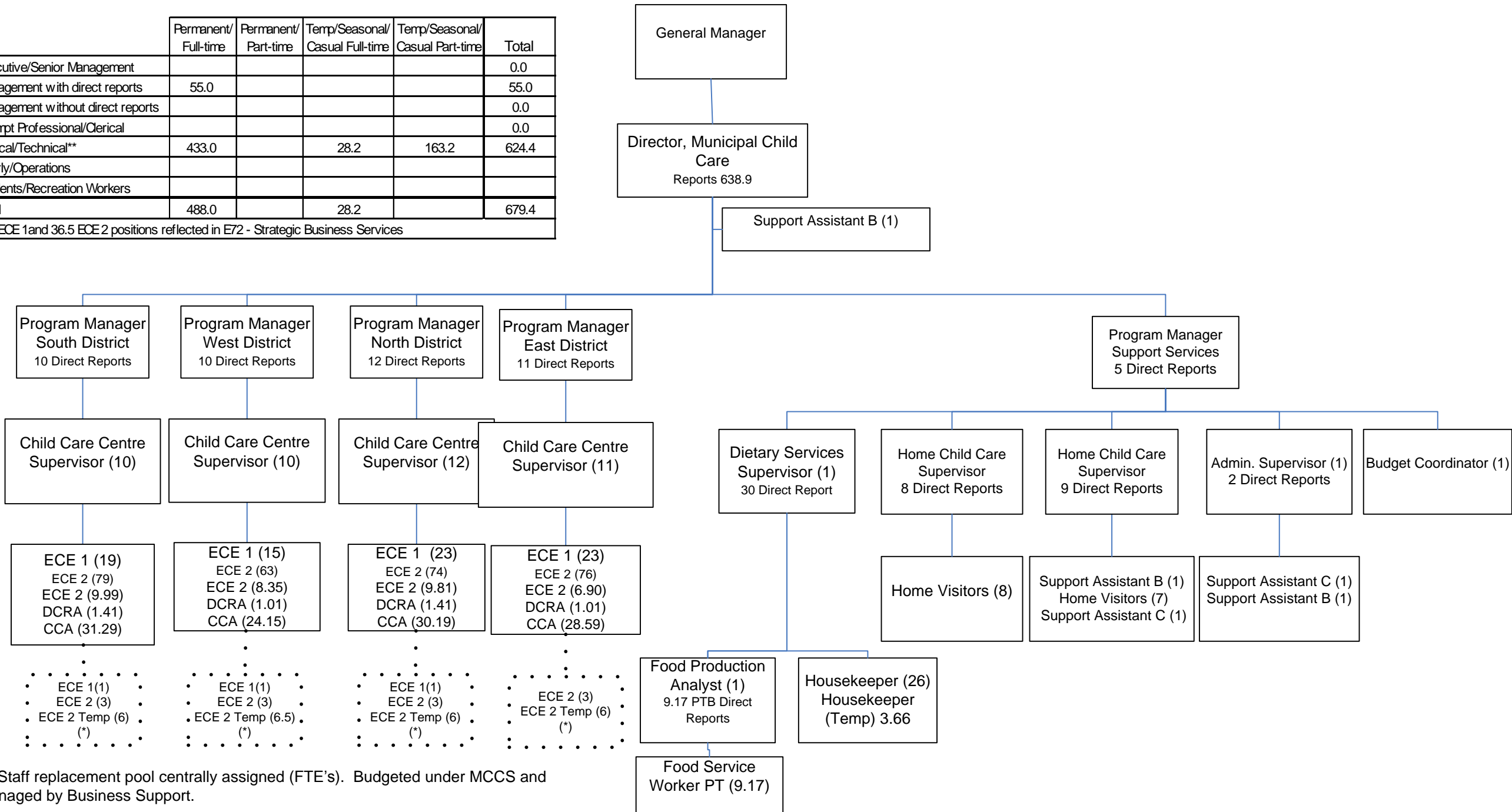
	Permanent/ Full-time	Permanent/ Part-time	Temp/Seasonal/ Casual Full-time	Temp/Seasonal/ Casual Part-time	Total
Executive/Senior Management					0.0
Management with direct reports	13.0				13.0
Management without direct reports					0.0
Exempt Professional/Clerical					0.0
Clerical/Technical	45.0				45.0
Hourly/Operations					
Students/Recreation Workers					
Total	58.0		0.0		58.0



Children's Services Municipal Child Care Organization Structure December 2013

	Permanent/ Full-time	Permanent/ Part-time	Temp/Seasonal/ Casual Full-time	Temp/Seasonal/ Casual Part-time	Total
Executive/Senior Management					0.0
Management with direct reports	55.0				55.0
Management without direct reports					0.0
Exempt Professional/Clerical					0.0
Clerical/Technical**	433.0		28.2	163.2	624.4
Hourly/Operations					
Students/Recreation Workers					
Total	488.0		28.2		679.4

** 3 ECE 1 and 36.5 ECE 2 positions reflected in E72 - Strategic Business Services



(*) Staff replacement pool centrally assigned (FTE's). Budgeted under MCCS and managed by Business Support.

Children's Services

Children's Services

Child Care Delivery

Standing Committee

Community Development and Recreation

Cluster

Cluster A

Program

Children's Services

Service Type

External Service Delivery

Service Budget (\$m)

Gross	\$293.3
Net	\$51.6

Rationale for Core and Service Level Assessment

All upper tier and amalgamated municipalities in Ontario are required by Provincial legislation to act as a service system manager for children's services. All large Ontario municipalities provide subsidized child care due to Ontario provincial subsidies offered.

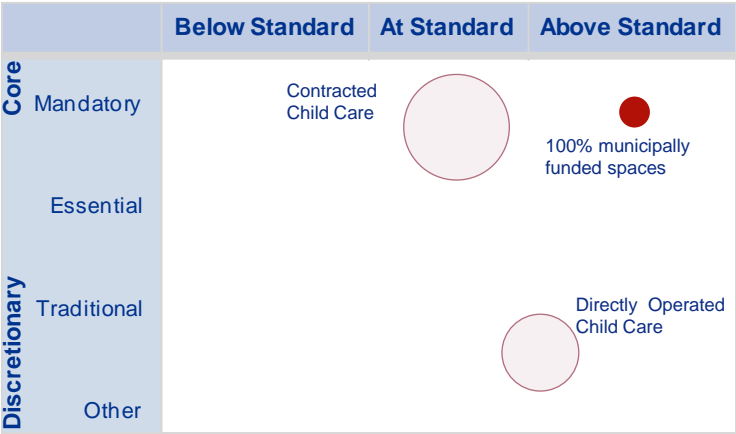
Municipal operation of child care is not a traditional municipal service in many other jurisdictions and the municipal centres operate at higher cost and service levels than others.

The Province cost-shares 22,000 subsidized paces , Provincial funding for an additional 2,000 spaces has ended and the City now funds 100% of these spaces .

Jurisdictional Examples

- All major Ontario cities provide subsidized child care services due to the 80% provincial subsidy.
- Proportional to other Ontario municipalities, the number of subsidized spaces in Toronto is close to the median, and the cost per normalized child care space is the 2nd highest.
- Within Toronto, the cost for various types of spaces varies widely depending upon what type of agency operates the centre, as illustrated by the table below:

Auspice	Average Monthly Fees (\$)			
	Infant	Toddler	Pre School	School Age
Commercial	67.02	52.87	43.00	37.46
NonProfit	66.52	55.75	42.77	26.08
City	89.00	79.00	64.00	40.00



Note: (*) indicates that the core ranking for the activity is "1-mandatory", however a portion of the activity is ranked "4-Other". This is illustrated by two bubbles.

- Key Opportunities**
- The subsidies for 2,000 spaces that no longer receive provincial support could be reduced or eliminated. Phasing out may be necessary to manage the impact on families.
 - The child care centres operated directly by the City could be converted to non-profit or private operation to reduce costs. Care would be needed to ensure the needs of special needs children are met, and to ensure active spaces remain properly distributed.
 - The system will also require adjustments as full day kindergarten is implemented, and these changes can be designed with the above changes in mind.

Children's Services

Child Care Delivery

Activities								
Activity Name	Gross Cost (\$m)	Net (\$m)	% Net	Core Ranking	Service Level	Source of Standard	City Role	Notes
Directly Operated Child Care	76.14	15.98	21%	3.5	S+	C/F/L	SM/D	<ul style="list-style-type: none"> Higher service level relates to higher costs/staffing levels compared to contracted services. 12% of clients have special needs
Contracted Child Care	217.15	35.64	16%	1	S	C/F/L	SM	<ul style="list-style-type: none"> As Service Manager, City has commitment to provide child care subsidies. These spaces are provided by contracting with non-profit and commercial child care centres.
100% Municipally Funded spaces	Included above	Included above	Included above	1	A	C/F	SM	<ul style="list-style-type: none"> There are 2000 spaces the City continues to fund although the Province no longer contributes its 80% subsidy. This exceeds the standard.

Options, Opportunities, Risks and Implications

Type	Options and Opportunities	Risks and Implications	Potential Savings *	Timeframe **	Barriers
SSR	Consider making changes to program structure consistent with the full-day kindergarten initiative	The provincial initiative to implement full day kindergarten will significantly shift need, demand and the cost structure of subsidized child care over the next few years. The city program and community programs will require restructuring to respond effectively. The impacts are not all known at this stage and may still be subject to influence if the City has a clear strategy it would like to achieve.	Low (up to 5%)	2012-3-4	Medium
SSR	Consider reducing the maximum subsidized per diem rates the City will support to levels near the average rates of non-profit providers.	This approach would reduce costs, but would leave parents the opportunity to use higher cost centres if they believed there was extra value. If the maximum is set too low, it could discourage centres from accepting subsidized children, or harm program quality.	Low (up to 5%)	2013	Medium
NCSR	Consider transferring the city-operated child care centers to community or private operators	City operated centres are considerably more expensive. Workers and parents may object to transferring operation of city centers, however the cost of spaces, both for subsidy and to fee paying parents should decline over time. It would also be possible to close the centres where no group wishes to assume operation. That would achieve savings more quickly, but be more disruptive to parents and require finding alternative spaces for the children involved.	Medium (up to 20%)	2014	High
SLR	Consider reducing the number of subsidized child care spaces over time to eliminate 100% municipally funded spaces	Reducing the number of subsidized child care spaces will make work and/or school less accessible to some parents, and may increase Ontario Works and Employment and Social Services case loads (and costs). There is already a waiting list of 19,000, equal to 70% of subsidized spaces. With 60% of low income children in the GTA living in Toronto, there is ample need/demand for subsidized child care. Achieving provincial support for the spaces would eliminate the value in this option. It will take some time to achieve by attrition but would not seem reasonable identify families currently with subsidy and eliminate their subsidy immediately.	Medium (up to 20%)	2013	High

* Potential Savings are relative to the size of the corresponding program/service/activity the option/opportunity relates to, and may include increased revenues to produce lower tax requirements.

Savings will accrue to utility rates rather than taxes where noted.

** Timeframe refers to first year in which savings could be realized. Full savings may take longer.

Children's Services

Child Care Service System Management

Standing Committee
Community Development and Recreation

Cluster
Cluster A

Program
Children's Services

Service Type
External Service Delivery

Service Budget (\$m)

Gross	\$94.6
Net	\$22.7

Rationale for Core and Service Level Assessment

The City is the System Manager appointed by the province to manage the provision of a subsidized child care system, thus the key roles are a mandatory activity.

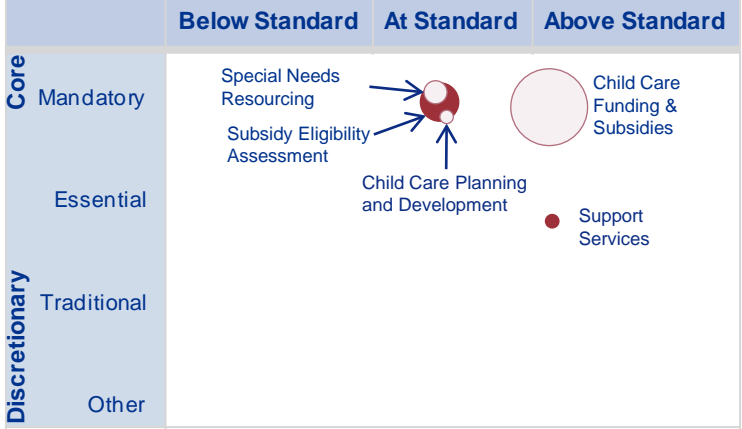
Toronto provides funding beyond provincial standards in the form of wage subsidies, support to the Family Resource Center, and for special needs.

The Support Services also includes inspections to provide a quality assurance function for child care centres which is not a required function (the province does licence all child care centres).

Jurisdictional Examples

Ontario is relatively unique in having this function performed at the municipal level, although Chicago appears to have a similar function.

Some other large Ontario municipalities have also provided support beyond the level of provincial subsidy in various circumstances.



- Key Opportunities**
- The quality assessments of subsidized child care spaces could be eliminated, leaving the provincial licencing system to regulate program quality.
 - Some or all of the “Child Care Funding and Subsidies” costs could be eliminated. The largest part of this is wage subsidies tied to pay equity determinations. It may take some time and a clear strategy to eliminate this obligation.

Children's Services

Child Care Service System Management

Activities								
Activity Name	Gross Cost (\$m)	Net (\$m)	% Net	Core Ranking	Service Level	Source of Standard	City Role	Notes
Child Care Planning & Development	1.82	0.74	41%	1	S	L/M/C	S/M/D	
Support Services	1.05	1.0	95%	2	S+	F/C	S/M/D	<ul style="list-style-type: none"> Provides a quality assessment against City criteria.
Subsidy Eligibility Assessment	9.89	9.53	96%	1	S	L/F	S/M/D	
Child Care Funding & Subsidies	78.63	10.8	14%	1	S+	L/C/F	S/M/D	<ul style="list-style-type: none"> \$49m in wage subsidies Special needs \$8m Family Resource Centre \$3.1m Includes \$6.3m in city-funded grants, many for rent of school based centres
Special Needs Resourcing	3.22	0.59	18%	1	S	L/F	S/M/D	

Children's Services

Child Care Service System Management

Options, Opportunities, Risks and Implications					
Type	Options and Opportunities	Risks and Implications	Potential Savings *	Timeframe **	Barriers
SSR	Review Child Care Funding and Subsidies to reduce the funding and subsidies.	Grants that are 100% city-funded would be a priority for reduction, other subsidies, such as the wage subsidies, could be phased out where possible given specific circumstances and legal requirements.	Medium (up to 20%)	2012-4	Medium
NCSR	Consider whether city quality assessments are required.	The province sets minimum standards for child care services that apply to all child care operators. The need to apply a higher city set standard could be examined.	High (more than 20%)	2012	Low

* Potential Savings are relative to the size of the corresponding program/service/activity the option/opportunity relates to, and may include increased revenues to produce lower tax requirements. Savings will accrue to utility rates rather than taxes where noted.

** Timeframe refers to first year in which savings could be realized. Full savings may take longer.