

November 16, 2017

General Operating Funding increase for eligible operators

Q1: What is the City of Toronto's 10-year vision for child care?

A1: The City of Toronto has an ambitious 10-year *Toronto's Licensed Child Care Growth Strategy* for children under four. This Growth Strategy commits to 30,000 new spaces by 2026, increased affordability, and a thriving workforce. The continued and consistent funding from all three orders of government will be necessary to achieve these targets. The City's adoption of Toronto's Growth Strategy supports an incremental and planned transformation of the child care system that will build capacity to meet demand, improve affordability for all families and support a thriving workforce.

Q2: What are the three goals of the *Toronto's Licensed Child Care Growth Strategy*?

A2: The Growth Strategy aims to improve child care affordability for families, to support a thriving workforce by increasing wages for child care staff and to build capacity to meet current and projected demand in the child care system.

Q3: How does Children's Services plan to achieve these goals?

A3: Children's Services has begun to support these goals with the increase to General Operating Funding in 2017 from \$0.35 to \$0.37 per point. In 2018, Children's Services is adding an additional \$16 million to the General Operating Funding, which will further increase the point value for eligible operators from \$0.37 to \$0.52.

Q4: The Ministry of Education recently sent a letter about new funding (\$12.7 million) to support the increase to the minimum wage. Is this that funding?

A4: No. The \$12.7 million provide-wide is a new announcement by the Ministry. Children's Service is waiting for guidelines on this new funding.

Q5: Where did this increased child care funding come from?

A5: There has been increased investment from all three orders of government in 2017. This increased funding will be available to eligible child care operators to keep child care fees from increasing, or to reduce child care fees and/or increase wages for their child care staff going forward.

Q6: What's the difference between General Operating Funding and the General Operating Grant (GOG)?

A6: The General Operating Grant (GOG) was the consolidation of historic wage grants into a base-funding model. This funding is intended to support higher wages, but is not required to be paid directly to staff *(except for the 1999-2005 Pay Equity portion). This base-funding revenue offsets the cost of operations including salaries and compensation for staff. To reflect this change, we will be changing the name of the funding from "General Operating Grant" to "General Operating Funding." This recognizes that the concept of a wage grant is no longer applicable and that this is operational base funding.

Q7: Has the points system changed as part of the new General Operating Funding?

A7: No. All of the calculations, including the points system remain the same. Only the amount per point has increased.

Q8. Why is the increased funding only for child care operators offering full-time infant, toddler and preschool programs?

A8: The Province has targeted their increased funding to infant, toddler and preschool age groups. In order to grow Toronto's child care system to meet current and projected demand, it has been determined that significant investment in these age groups is required. This aligns with the principles of Toronto's Funding Model, where it was determined that new base funding would be targeted to these younger age groups as the programs are more costly to run. Child care affordability continues to be an issue for the majority of families living in Toronto.

Q9: When will operators receive this increased funding?

A9: General Operating Funding will increase slightly in the first quarter payment for 2018 for eligible operators. This increase is an advance of a centre's funding and represents approximately one third of the annual funding, based on \$0.37 cents a point. This advance is intended to provide additional revenue to operators from the start of the year to keep parent fees stable. This advance will help operators stabilize revenues and expenses as they determine their Implementation Plan.

Q10: I was planning to raise child care fees starting January 2018. Can I go ahead with this plan?

A10: You may be planning to increase your child care fees due to your increase in operating costs. However, new base funding could mitigate the need for a fee increase. Making a decision on your fees at this time may be premature, as completing your Implementation Plan may result in a change.

Q11: What is an Implementation Plan?

A11: An Implementation Plan demonstrates how operators will use the increased base funding towards lowering child care fees or increasing child care worker wages or both. As part of the 2018 budget process, child care operators who would like to receive increased base funding will be required to complete an Implementation Plan along with their Budget Submission.

Q12: Why does Children's Services need an Implementation Plan? Isn't the Budget good enough?

A12: The Implementation Plan is a documented summary of how the increased revenue from base funding will support the goals of increased wages and/or improved affordability for families. The Implementation Plan will ensure that expectations for the use of the increased revenue are well documented and clearly show how the increased revenue is achieving the stated goals. As the Service System Manager, Children's Services must demonstrate accountability to both the Province and City Council and show the increased funding is achieving the stated goals.

Q13: How will I determine whether my funding should address child care fees and/or staff wages?

A13: We will be providing you with a customized Excel template that will identify where your centre's fees and wages fall within the Growth Strategy ranges. These ranges will help identify whether the increased base funding revenue should support affordability, wages, or both.

Q14: What will my General Operating Funding be for the coming year?

A14: Once the Implementation Plan and the 2018 Budget is approved, the funding will be based on \$0.52 per point. The remaining quarterly payments will reconcile between what was advanced and what is remaining based on the 2018 approved Budget and Implementation Plan.

Q15: What does "improving affordability" mean? Is Children's Services saying I have to lower my fees?

A15: The General Operating Funding increases the centre's revenue, which can be used to offset the amount of revenue needed from fees, and in turn that offset amount can then be used to lower the child care fees charged to families. "Improving affordability" means supporting all families' ability to access licensed child care by lowering fees. Lowering fees does not mean lower costs or lower revenue.

Q16: If my Implementation Plan is approved, how much funding will my centre receive?

A16: The funding is increasing from \$0.37 to \$0.52 cents per point. As of November 16, the new increased funding amount of \$0.52 will be reflected in Budget App to help

operators plan for how they will allocate the increased funding and to allow them to complete the Implementation Plan and 2018 Budget Submission as required.

Q17: If my Implementation Plan is not approved, how much funding will my centre receive?

A17: If your Implementation Plan is not approved, funding will remain the same for 2018 and be calculated on \$0.37 per point.

Q18: When will I know whether my Implementation Plan is approved?

A18: Once the Implementation Plan has been approved by the District Consultant, the operator will be notified that their General Operating Funding increase has been approved. Plans are expected to be approved no later than February 28, 2018.

Q19: My General Operating Funding payments are on hold. What can I do?

A19: If your General Operating Funding payments are on hold, we ask that you work with your District Consultant to resolve the outstanding items. In order to provide any centre with public funding, the operation must be in good standing and meet the requirements of their Service Agreement with the City of Toronto.

Q20: What are the next steps?

A20: We will be sending operators an individualized Implementation Plan template as well as other tools and resources to support you in developing your Plan. This will be sent the week of December 4, 2017. Additional budget labs will be offered and we will notify you of the dates and registration process.