

Toronto 2017 BUDGET



OPERATING PROGRAM SUMMARY



Children's Services

2017 OPERATING BUDGET OVERVIEW

Toronto Children's Services promotes access to high quality early learning, and provides child care and supports for families through a well-planned and managed system. All families in Toronto benefit from a range of services that promote healthy child development and family well-being 2017

2017 Operating Budget Highlights

The total cost to deliver these services to Toronto residents is \$483.674 million gross and \$82.981 million net as shown below:

(in \$000's)	2016 Budget	2017 Budget	Change	
			\$	%
Gross Expenditures	473,539.1	483,674.4	10,135.3	2.1%
Revenues	395,416.8	400,693.4	5,276.6	1.3%
Net Expenditures	78,122.3	82,981.0	4,858.7	6.2%

With 2017 base pressures of \$2.636 million, savings from efficiencies and service adjustments of \$1.235 million, and new service priorities that include 4 new temporary positions required to help administer system transformation and growth, and the addition of 300 new child care subsidies, the 2017 net budget for Children's Services is \$4.859 million or 6.2% above the 2016 net budget.

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CONTACTS

Fast Facts

- The province forecasts that Toronto's child population will grow by approx. 23% over the next 15 years to a total of 344,771 children from birth to age 9.
- Since 2010, Toronto has experienced a 25% growth in licensed child care spaces from 53,000 spaces to 66,170
- New service agreements for over 125 service providers have been added to the system since 2012
- Current funding provides 26,059 child care subsidies, which support only 29.7% of Toronto's low-income children age 0-12.

Trends

- One of the goals of the Children's Services 5-year Service Plan is to improve geographic equity in each ward so that each ward is at 10% of the equity target through the provision of child care spaces.
- The Program uses age and geographic equity targets to help manage system growth to ensure eligible families have equitable access to child care subsidies. The wards meeting equity target has increased from 52% in 2014 to 54% projected for 2016 and is expected to further increase to 57% by 2019.
- Ward equity levels will be reviewed in 2017 as new census data becomes available.

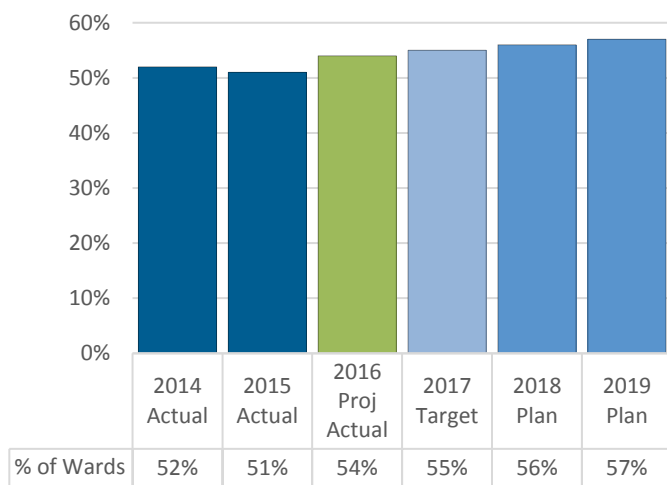
Key Service Deliverables for 2017

Children's Services is responsible for managing Toronto's Child Care system in accordance with the Council approved 2015-2019 Children's Services Service Plan and Provincial guidelines and within the provincially legislated requirements of the Child Care and Early Years Act, 2014.

The 2017 Budget will fund the delivery of the following:

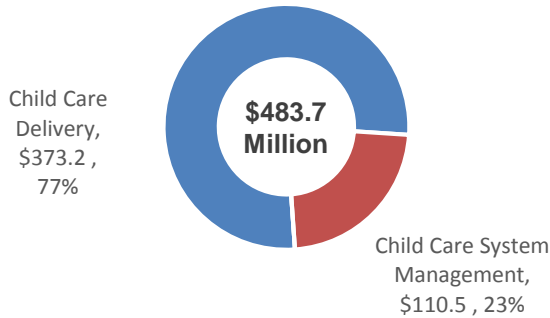
- Upwards of 26,359 child care subsidies;
- 672 contracted child care centres with contracts for fee subsidy;
- 10 home child care agencies with service contracts for fee subsidy;
- Over 900 centres with agreements for Provincial Wage Enhancement;
- 52 Toronto Early Learning and Child Care Services centres, and 1 home child care agency;
- 21 agencies supporting children with special needs;
- 45 family support programs;
- 34 summer day programs; and
- 51 After School and Recreation Programs (ARC) in partnership with Parks Forestry & Recreation.

of Wards Meeting Equity Target

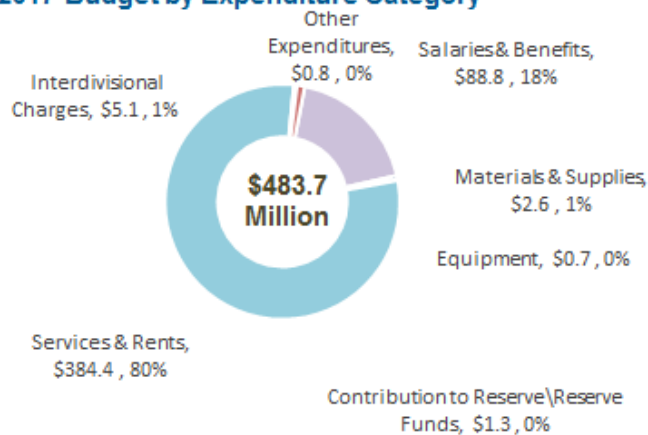


Where the money goes:

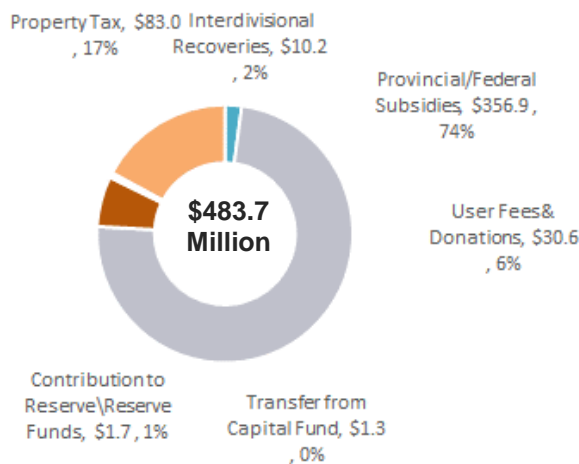
2017 Budget by Service



2017 Budget by Expenditure Category



2017 Budget by Funding Source



Our Key Issues & Priority Actions

- **Managing ongoing programming** with significant increase in demand for service and new and expanded responsibilities due to provincial and regulatory changes
 - ✓ A continued focus on the capital projects that will support growth in licensed child care spaces in under-served neighbourhoods by providing 998 new spaces in the next 10 years through managing the capital delivery by working with district school boards and other third parties.
 - ✓ The 2017 Budget includes \$3.003 million for 300 new child care subsidies that will provide additional capacity to under-served neighbourhoods.
 - ✓ The 2017 Budget includes 4 new temporary positions to manage the expanded early-years system and to implement ongoing operational requirements of new provincial policy initiatives, including the development of Child and Family Centres.
 - ✓ The 2017 Budget includes an increase in the current wage grants to child care operators of \$0.432 million under the General Operating Grant program. This replaces historic provincial wage related grant programs.

2017 Operating Budget Highlights

- The 2017 Operating Budget for Children's Services of \$483.674 million in gross expenditures and \$82.981 million net provides funding for 2 services: Child Care Delivery; and Child Care System Management.
- This represents a 6.2% increase from the 2016 Approved Net Budget resulting in the following changes:
 - ✓ Base expenditure increase of \$2.636 million
 - ✓ Service Efficiencies and Service Adjustments savings of \$1.235 million
 - ✓ New priorities of \$3.458 million that add 300 new child care subsidies and 4 temporary positions to help administer system transformation and growth

Council Approved Budget

City Council approved the following recommendations:

1. City Council approve the 2017 Operating Budget for Children's Services of \$483.674 million gross, \$82.981 million net for the following services:

<u>Service</u>	Gross (\$000s)	Net (\$000s)
Child Care Delivery	373,171.6	68,765.0
Child Care System Management	110,502.7	14,216.0
Total Program Budget	483,674.3	82,981.0

2. City Council approve the 2017 service levels for Children's Services as outlined on pages 16 and 19 of this report, and associated staff complement of 982.5 positions.
3. City Council increase the 2017 Budget Committee Recommended Operating Budget for Children's Services by \$1.133 million gross and net to reinstate for 2017 only, grant funding for occupancy costs in child care centres located in the 4 district school boards to enable the City to enter into discussions with the Province on the inclusion of childcare occupancy costs in the Provincial funding formula, such increase to be funded by amending the Budget Committee recommended increased tax funding towards the Toronto Transit Commission's 2017 Net Operating Budget so that the final 2017 one-time draw from
4. City Council approve permanent property tax funding of \$2.717 million, as reflected in the 2017 Council approved budget Committee Recommended Budget above, to replace one-time use of reserve draw from the Child Care Expansion Reserve Fund (XR1101), historically used as a bridging strategy to balance the annual operating budget short fall for the provision of child care subsidies thereby permanently replacing the need for the 5 year Child Care funding strategy previously approved by Council in 2015.
5. City Council request the General Manager, Children's Services to keep the Capri Early Learning and Child Care Centre operating until September 2017 and request the General Manager, Children's Services to report to the June 7, 2017 meeting of the Community Development and Recreation Committee on future child care development in the area, with any costs associated with keeping the Centre open to be drawn from the Child Care Expansion reserve.
6. Given the current child care crisis in Toronto, City Council request the Provincial Government to review the funding formula that relates Subsidies to Spaces, whereas the number of fee subsidies has grown by 8.6 percent, while the number of licenced spaces has grown by 29.1 percent since the spring of 2010, and therefore, an additional 4,918 subsidies, or \$49.2 million are required to achieve the 2010 Ratio of Subsidies to Spaces.
7. City Council reaffirm and convey its decision of July 12, 2016 (EX16.21) to the Minister of Education in support of a continuum of learning and the stabilization of early years and child care programs located in school buildings by undertaking the following five actions which have been developed collaboratively by the City of Toronto and the Toronto District School Board, the Toronto Catholic District School Board, Conseil scolaire Viamonde, and Conseil scolaire de district catholique Centre-Sud:
 - a. improve the funding formula in order to fully fund the occupancy cost of early learning and child care space in schools directly to the school boards;
 - b. ensure the funding formula takes into account the highest cost of building, operating and maintaining spaces for young children;

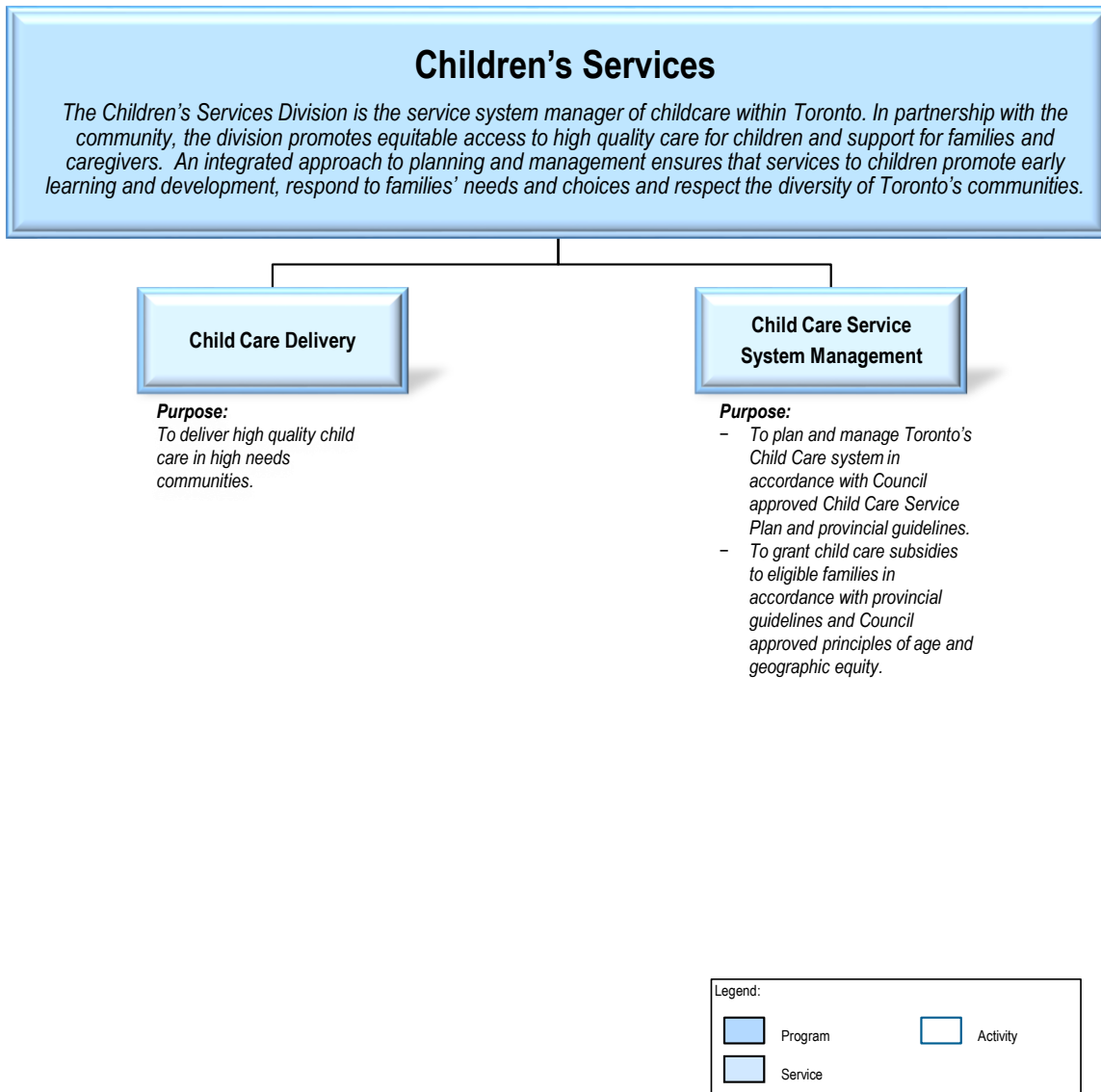
- c. ensure the funding formula for early learning space is not a per person rate, but a per room rate;
 - d. ensure the funding formula accounts for the incrementally higher costs of operating before and after school programs in share spaces, and
 - e. ensure that the school utilization formula reflects the improved funding formula and fully accounts for early learning space in schools.
8. City Council request the City Manager to start discussions with Provincial counterparts on their recent Provincial announcements to create 100,000 day care spaces in Ontario, including Toronto. The discussions should include but not be limited to:
 - a. a planning process by which capital projects in Toronto are prioritized by the City, it is imperative that the Province address these issues before substantial Provincial expansion projects are implemented, and
 - b. the lack of operating support systems, such as, the School Occupancy Grant funding.
 9. City Council request the City Manager to report on the number of new spaces that will be created through the Children's Services Capital Reserve and the School Boards/Ministry of Education capital program, over the next 10 year capital cycle, including a close analysis on how many day care spaces will be created and the cost of adding fee subsidies at least for 25 percent of the new spaces.
 10. City Council request the City Manager to report to the Executive Committee on the findings on {Recommendations 7 and 8} above at the earliest possible time.
 11. City Council request the City Manager to review the overlapping of services provided by the City of Toronto and the Province of Ontario as a result of the Child Care and Early Years Act and report back in the third quarter of 2017. The review should include consultation with the relevant city divisions and child care providers, including City-operated child care centres and independent and/or non-profit child care providers.
 12. City Council request the General Manager, Children's Services to report any proposed program or centre closures of directly-operated child care programs to the Community Development and Recreation Committee prior to the 2018 and future Budget processes.
 13. City Council request the General Manager, Children's Services to report prior to June 2017 on the Provincial Government's response to the City with respect to changing the education funding formula to recognize and fund the occupancy costs for child care space



Part 1:

2017-2019 Service Overview and Plan

Program Map



Legend:

 Program	 Activity
 Service	

Service Customer

Child Care Delivery

- Parents / Guardians
- Children in Child Care

Indirect (Beneficial)

- Resident Families and Children
- Child Care Service Providers

Child Care Service System Management

- Parents / Guardians
- Province of Ontario
- Children in Child Care

Indirect (Beneficial)

- Resident Families and Children
- Child Care Service Providers

Table 1
2017 Operating Budget and Plan by Service

(In \$000s)	2016		2017 Operating Budget			2017 vs. 2016 Budget Change		Incremental Change			
	Budget	Projected Actual	Base	New/Enhanced	Total Budget			2018 Plan	2019 Plan		
By Service	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Child Care Delivery											
Gross Expenditures	367,899.6	367,899.6	369,794.0	3,377.7	373,171.7	5,272.1	1.0%	6,567.6	1.8%	5,003.9	1.3%
Revenue	299,364.1	299,364.1	304,406.6		304,406.6	5,042.5	3.0%	4,192.0	0.0%	4,127.6	1.3%
Net Expenditures	68,535.5	68,535.5	65,387.4	3,377.7	68,765.1	229.6	0.3%	2,375.6	3.5%	876.3	1.2%
Child Care System Management											
Gross Expenditures	105,639.5	105,639.5	110,422.1	80.6	110,502.7	4,863.2	3.5%	682.6	1.7%	3,381.1	3.4%
Revenue	96,052.6	96,052.3	96,286.7		96,286.8	234.2	0.3%	9.9	(0.1%)	10.9	0.0%
Net Expenditures	9,586.9	9,587.2	14,135.4	80.6	14,215.9	4,629.0	48.3%	672.7	4.7%	3,370.2	22.6%
Total											
Gross Expenditures	473,539.1	473,539.1	480,216.1	3,458.3	483,674.4	10,135.3	2.1%	7,250.2	1.5%	8,385.0	1.7%
Revenue	395,416.7	395,416.4	400,693.3		400,693.4	5,276.7	1.3%	4,201.9	1.0%	4,138.5	1.0%
Total Net Expenditures	78,122.4	78,122.7	79,522.8	3,458.3	82,981.0	4,858.6	6.2%	3,048.3	3.7%	4,246.5	4.9%
Approved Positions	990.9		978.5	4.0	982.5	(8.4)	(0.8%)	12.5			

The Children's Services' 2017 Operating Budget is \$483.674 million gross and \$82.981 million net, representing a 6.2% increase from the 2016 Approved Net Operating Budget. The 2017 Approved Budget does not meet the - 2.6% reduction target as set out in the 2017 Operating Budget Directions approved by Council and is over by \$4.689 million or 9%.

Base pressures are mainly attributable to the following:

- Base pressures of \$11.519 million are primarily attributable to the increased cost of purchased child care in the *Child Care Delivery* service, an increase in salary and benefits, including the impact of wage harmonization and new staffing ratios, as well as an increase of \$1.250 million to fund the on-going cost of the additional 125 child care subsidies added during the 2016 Budget process.
- Revenue adjustments include a projected increase in Provincial subsidy of \$4.8 million (1.5%); and an increase in parental contributions of \$5.0 million to the cost of child care, which reflects an actual increase in parental income 2016.
- To help mitigate base pressures, the Program has achieved savings of \$1.235 million from base reductions, efficiencies, and service adjustments, including the closure of a TELCC centre as a result of health and safety issues and low enrolment; and phasing out the occupancy agreements to school boards.

New priorities include:

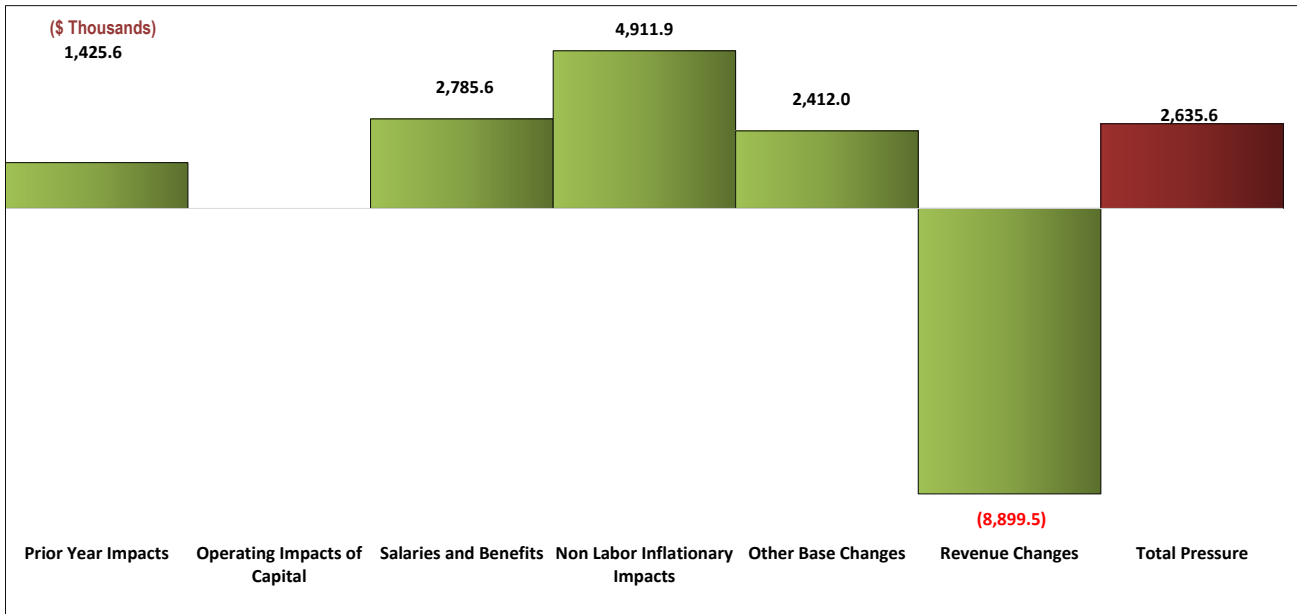
- New funding of \$3.003 million is included to provide an additional 300 new child care subsidies to help alleviate system demand, which increases the number of subsidies to 25,359, with the additional spaces to be available in under-served neighbourhoods.
- New funding of \$0.455 million is included to add 4 temporary positions to manage the expanded early-years system, administer system growth and transformation and to implement ongoing operational requirements of new provincial policy initiatives fully funded from the Child Care Expansion Reserve Fund.

The Approved 2017 Operating Budget results in Children's Services reducing its total staff complement by 8.4 positions from 990.9 to 982.5 positions.

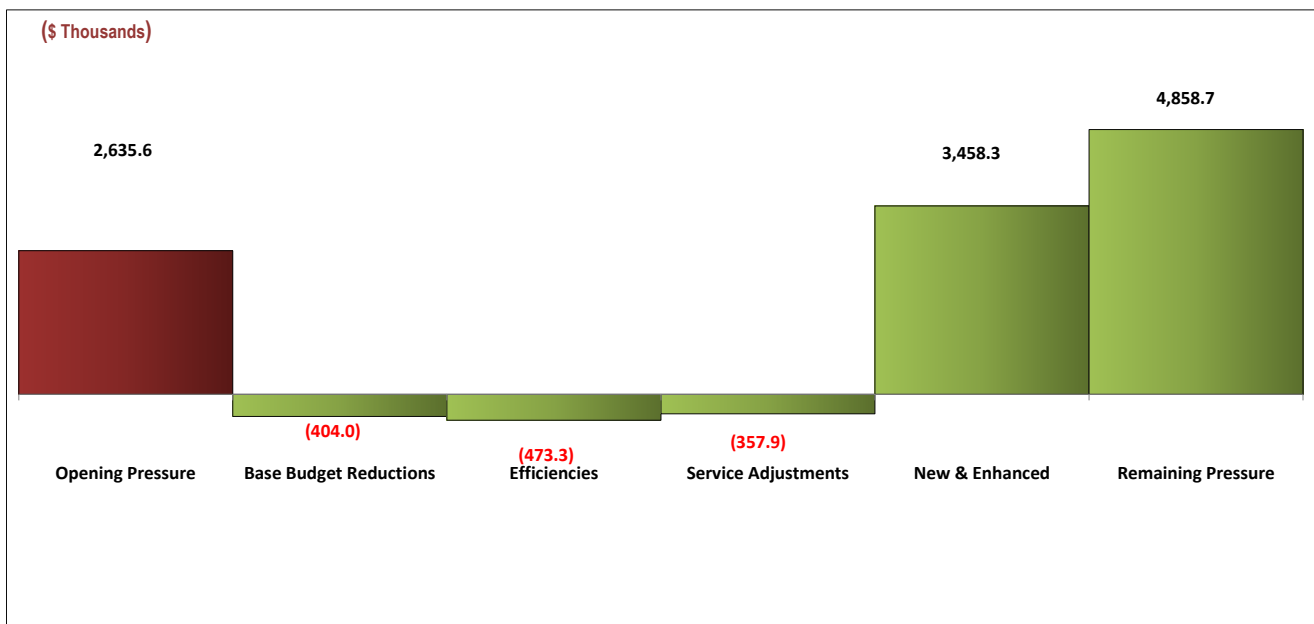
The 2018 and 2019 Plan increases of \$3.048 million and \$4.246 million respectively are attributable to COLA for purchased child care; an increase in salary and benefits, which are offset by a projected 1.5% increase in provincial funding and the phase-out of occupancy grants to school boards in 2018.

The following graphs summarize the operating budget pressures for Children's Services and the actions taken that offset these pressures.

Key Cost Drivers



Actions to Achieve Budget Reduction Target



**Table 2
Key Cost Drivers**

(In \$000s)	2017 Base Operating Budget				Total	
	Child Care Delivery		Management			
	\$	Position	\$	Position	\$	Position
Gross Expenditure Changes						
Prior Year Impacts						
Reversal of Hollis Centre Retrofit - Metrolinx grant	(950.0)					(950.0)
Reversal of COLA adjustment	(771.0)		(99.8)			(870.8)
Annualization of Wage Harmonization for Child Care Aides	165.5					165.5
Annualization of food cost for the 2 new TELCCCs	95.4		6.6			102.0
Sustainable funding of 125 new child care subsidies approved in 2016 from Child Care Expansion Reserve	1,250.0					1,250.0
Reversal of 2016 Reserve Draw	2,359.9					2,359.9
Salaries and Benefits						
COLA, Progression Pay, Step Increases and Realignment	593.2	(17.1)	2,364.0	17.1		2,957.2
Economic Factors						
Corporate Economic Factors	15.9		0.2			16.1
1% inflationary increase for Purchased Child Care	2,949.3		1,962.6			4,911.9
Other Base Changes						
Reduction in TELCCS staff due to change in age mix	(56.4)	(1.5)				(56.4) (1.5)
Human Services Integration Project	58.0		58.3			116.3
Increase in cost of maintenance from FREEE and TESS for shared facilities	132.0		128.5			260.5
Increase in General Operating Grant replacing prior Wage Subsidy legislation			432.3			432.3
Impact of new staffing ratios	188.6					188.6
Distribution of Provincial Wage Enhancement Admin to purchase of Service Operators (100% funded)	636.0					636.0
Total Gross Expenditure Changes	6,666.4	(18.6)	4,852.7	17.1		11,519.1 (1.5)
Revenue Changes						
Reversal of Hollis Retrofit - Metrolinx funding	(950.0)					(950.0)
Increase in Provincial Subsidy (1.5%)	4,599.4		234.1			4,833.5
Increase in Family Contributions to actual experience	5,000.0					5,000.0
Total Revenue Changes	8,649.4		234.1			8,883.5
Net Expenditure Changes	(1,983.0)	(18.6)	4,618.6	17.1		2,635.6 (1.5)

Key cost drivers for Children's Services are discussed below:

- Prior Year Impacts create a pressure of \$2.057 million primarily from the following:
 - \$2.360 million from the reversal of the 2016 contribution from the Child Care Expansion Reserve Fund required to provide funding for the ongoing cost of programming;
 - \$1.250 million to fund the on-going cost of the additional 125 child care subsidies, approved during 2016 with a one-time funding from the Child Care Expansion Reserve Fund, for a total reserve draw of \$3.607 million in 2016.
 - \$0.950 million grant reversal to retrofit Hollis TELCCC, funded from a Metrolinx capital initiative
- Salary and Benefit Costs:
 - A cost of living adjustment adds salaries and benefits increase of \$2.957 million and includes a realignment of 17 positions between services.
- Economic Factors:

- Non-payroll inflationary increases, primary COLA for purchased child care providers requires \$4.912 million.
- Other Base Changes:
 - \$1.577 million from other base changes include an increase in the provincial wage enhancement grant, increased interdivisional changes from other divisions, phased-in implementation of the General Operating Grant that will replace the provincial wage subsidy and funding for the Human Services Integration Project, a joint initiative with Employment and Social Services and Shelter, Support and Housing administration.
- Revenue Changes of \$8.884 million are comprised of:
 - \$5.0 million from the increase in family contribution based on actual experience to reflect the current age and service mix and align the budget to actual family income levels;
 - \$4.8 million from the projected increase in Provincial Subsidy; and
 - \$0.950 million from a reduction of in funding from Metrolinx, a one-time grant received in 2016 to retro fit the relocated Hollis TELCCC

In order to achieve the budget reduction target, the 2017 service changes for Children's Services consists of base expenditure savings of \$0.404 million net, service efficiency savings of \$0.473 million net and service adjustments of \$0.358 million, for a total of \$1.235 million net as detailed below.

**Table 3
Actions to Achieve Budget Reduction Target**

Description (\$000s)	Service Changes				Total Service Changes			Incremental Change				
	Child Care Delivery		System Management		\$	\$	#	2018 Plan		2019 Plan		
	Gross	Net	Gross	Net	Gross	Net	Pos.	% Net	Pos.	% Net	Pos.	
Base Changes:												
Base Expenditure Changes												
Line-by - Line Savings	(399.8)	(399.8)	(4.2)	(4.2)	(404.0)	(404.0)						
Base Expenditure Change	(399.8)	(399.8)	(4.2)	(4.2)	(404.0)	(404.0)						
Service Efficiencies												
Adjust Workload from Implementation of Funding Model	(263.7)	(263.7)	(65.9)	(65.9)	(329.6)	(329.6)	(6.0)					
Client Services Workload Realignment	(124.2)	(124.2)			(124.2)	(124.2)	(1.5)					
Reduction in custodial services delivered by FREEE	(19.5)	(19.5)			(19.5)	(19.5)						
Sub-Total	(407.4)	(407.4)	(65.9)	(65.9)	(473.3)	(473.3)	(7.5)					
Service Adjustments												
Phase Out of Occupancy Grants									(2,266.0)			
Closure of Capri child care centre (TELCCC) due to low enrollment and Health and Safety issues	(357.9)	(357.9)			(357.9)	(357.9)	(6.5)	(315.2)	(1.4)			
Sub-Total	(357.9)	(357.9)			(357.9)	(357.9)	(6.5)	(2,581.2)	(1.4)			
Total Changes	(1,165.1)	(1,165.1)	(70.1)	(70.1)	(1,235.2)	(1,235.2)	(14.0)	(2,581.2)	(1.4)			

Base Expenditure Changes (Savings of \$0.404 million gross & net)

- Savings of \$0.404 million will be realized through a line-by-line review of expenditures to align the budget with actual experience and projected 2016 requirements, resulting in reduced costs for facilities rental, property maintenance, postage, printing and other contracted professional services.

Service Efficiencies (Savings of \$0.473 million gross & net)

- Savings of \$0.330 million will be realized through accelerating the implementation of the new funding model for child care operators with the reduction of 6 temporary staff involved with revising systems and managing transition and processing activities to the existing administrative framework that supports base funding programs.
- Savings of \$0.124 million will be achieved through the reduction of 1.5 temporary summer case worker positions, with peak work-load demands during the summer months to be managed by existing staff.
- Savings of \$0.019 million will be realized from the standardization of custodial service levels and the consolidation of contracts managed by Facilities Management.

Service Adjustments (Savings of \$0.358 million gross & net)

- Savings of \$0.358 million arises from the closure of the Capri Child Care Centre (TELCCC) with savings primarily attributed to the reduction/ redeployment of staff. This centre is recommended for closure due to due to Health and Safety issues and chronic low enrolment, with the centre currently operating with 26 of 36 spaces utilized by families. Alternative service will be provided to families currently enrolled at this location at the most convenient for the families.

Table 4
2017 New & Enhanced Service Priorities

Description (\$000s)	New/Enhanced				Total				Incremental Change			
	Child Care Delivery		System Management		\$		Position	2018 Plan		2019 Plan		
	Gross	Net	Gross	Net	Gross	Net	#	%	Pos.	%	Pos.	
Enhanced Service Priorities												
Staff Initiated:												
<i>Four Temporary Staff to Help Administer System Growth</i>	374.7	374.7	80.6	80.6	455.3	455.3	4.0	18.5			19.2	
Sub-Total Staff Initiated	374.7	374.7	80.6	80.6	455.3	455.3	4.0	18.5			19.2	
Council Directed												
<i>Add 75 Child Care Subsidies as directed by Council in 2016</i>	750.0	750.0			750.0	750.0						
<i>Add 225 subsidies to enhance access to child care</i>	2,253.0	2,253.0			2,253.0	2,253.0						
Sub-Total Council Directed	3,003.0	3,003.0			3,003.0	3,003.0						
Total	3,377.7	3,377.7	80.6	80.6	3,458.3	3,458.3	4.0	18.5			19.2	

Enhanced Priorities (\$3.458 million gross & net)

- The 2017 Operating budget includes funding of \$0.455 million gross and net for 4 new temporary positions to help administer system transformation and growth.
 - 1 Project management position and 1 IT position are required to launch the implementation of the Client Online Service Portal for +40,000 families. These positions will support clients, provide user training for staff, and manage business and technical changes to operating systems to support business transformation. Training, business and technical support will also be provided for the 700+ child care operators who manage online service and business transactions with the City, related to child care delivery.
 - 1 Risk Management Analyst position is required to advance implementation of a risk-based approach to client fee subsidy eligibility and a risk based approach to operator budget processes, determine appropriate controls, and oversight and reduce duplication or unnecessary administrative practices.
 - 1 Policy Development Officer position is required to lead development of the Aboriginal Service Plan, which will provide support for the legislated expansion of school age programs and expand access to child and family programs for Indigenous children and families.
- The 2017 Operating budget includes tax-based funding of \$3.003 million gross and net to support the addition of 300 new child care subsidies to help alleviate system demand, which increases the number of subsidies to 25,359, with the additional spaces to be available in under-served neighbourhoods.

Table 5
2018 and 2019 Plan by Program

Description (\$000s)	2018 - Incremental Increase					2019 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	Position	Gross Expense	Revenue	Net Expense	% Change	Position
Known Impacts:										
Prior Year Impacts										
Annualized Savings from the Closure of Capri Child Care Centre	(315.2)		(315.2)			(15.9)		(15.9)		
Phase Out Occupancy Grant to School Boards	(2,266.0)		(2,266.0)							
Service System Management Annualization	18.5		18.5			19.2		19.2		
Operating Impact of Capital										
Impact of Customer Service Improvements						(258.0)		(258.0)		
Salaries and Benefits										
Progression, Step, COLA and Benefits	2,341.2		2,341.2			2,099.9		2,099.9		
Part-time B Wage Harmonization	221.7		221.7			34.8		34.8		
Impact of New Legislated Staffing Ratios	933.7		933.7		14.0	21.7		21.7		
Other Base Changes (specify)										
IDC Changes	(22.1)		(22.1)			28.0		28.0		
Revenue (specify)										
Increase in Provincial Subsidy (1.5%)		4,201.9	(4,201.9)				4,138.5	(4,138.5)		
Sub-Total	911.8	4,201.9	(3,290.1)		14.0	1,929.7	4,138.5	(2,208.8)		
Anticipated Impacts:										
Other (specify)										
Economic Factors, primary cost of purchased chi	6,059.5		6,059.5			5,335.1		5,335.1		
Funding Model Phased Reduction	(454.4)		(454.4)			(29.8)		(29.8)		
TESS completion of HSI Capital Project	(116.7)		(116.7)							
General Operating Grant	850.0		850.0			1,150.0		1,150.0		
Sub-Total	6,338.4		6,338.4			6,455.3		6,455.3		
Total Incremental Impact	7,250.2	4,201.9	3,048.3		14.0	8,385.0	4,138.5	4,246.5		

Future year incremental costs are primarily attributable to the following:

Known Impacts:

- The 2018 and 2019 Plans reflect known adjustments to salaries and benefits. These estimates include provision for COLA, step and progression pay and will require \$2.341 million in 2018 and \$2.100 million in 2019, which is offset by the 1.5% budgeted increase Provincial funding of \$4.202 million in 2018 and \$4.135 million in 2019.
- Annualized impacts of phasing out occupancy agreements to the 4 school boards, and the closure of the Capri Child Care Centre due to health and safety and enrolment issues will reduce the 2018 Operating Budget by \$2.581 million.
- The annualized cost of the new staffing ratio regulations in the Child Care Early Years Act (CCEYA) include changes to the staffing ratios related to group sizes, age ranges and increase in the number of trained staff required during periods of the day to ensure compliance with Ministry prescribed ratios.

Anticipated Impacts:

- Actual cost of child care is projected to increase based on a 2% COLA and the change in case mix, with 2018 reflecting a larger increase as additional spaces for toddlers and infants being added to the system, which is more expensive than pre-school spaces; 2019 projections reflect a case mix alignment based on projected system growth for infants and toddlers.



Part 2:

2017 Operating Budget by Service

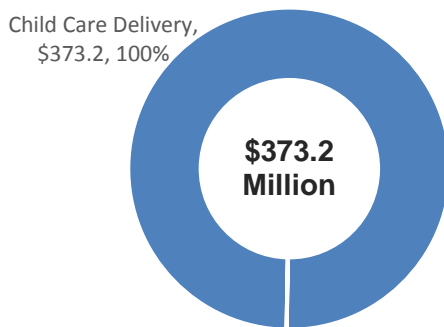
Child Care Delivery



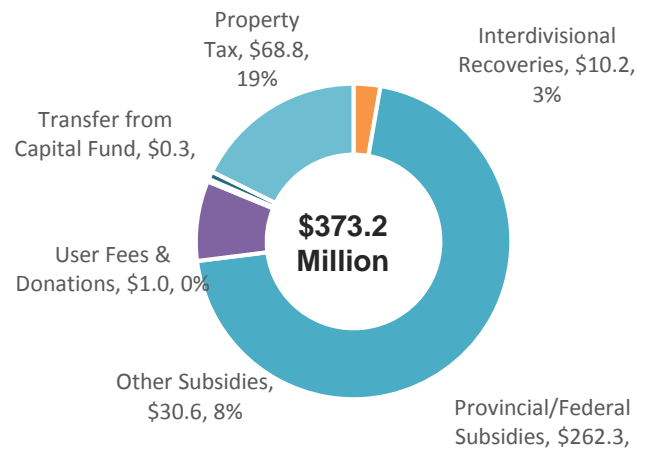
What We Do

- Provide at least 26,059 fee subsidies to help eligible families with the high cost of early learning and care.
- Deliver child care directly through the Toronto Early Learning and Child Care Services that provides enriched early learning and care service to families primarily in high-need and under-served neighborhoods with a focus on skill development and school readiness.
- Deliver in partnership with PF&R after School Recreation and Care programs (ARC).
- Provide Family Well-Being Support services, which include service and supports to improve positive outcomes for families and children.

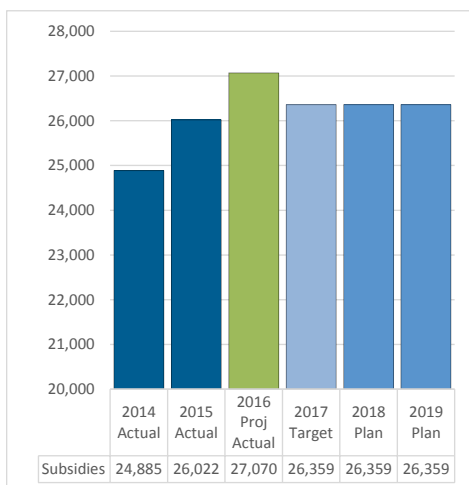
2017 Service Budget by Activity (\$Ms)



Service by Funding Source (\$Ms)



Number of Early Learning Child Care Subsidies



- Children's Services will deliver 26,359 child care subsidies in 2017 which are allocated across City wards based on the proportion of children in the ward who are living below the low income measure, maintaining the same service level as in 2016.
- As a result of system expansion, the number of children served in the various programs and services delivered has increased from 58,164 in 2013 to 64,172 or 10.3%.
- In 2016, Children's Services is projecting to be slightly above target in delivering child care subsidies.

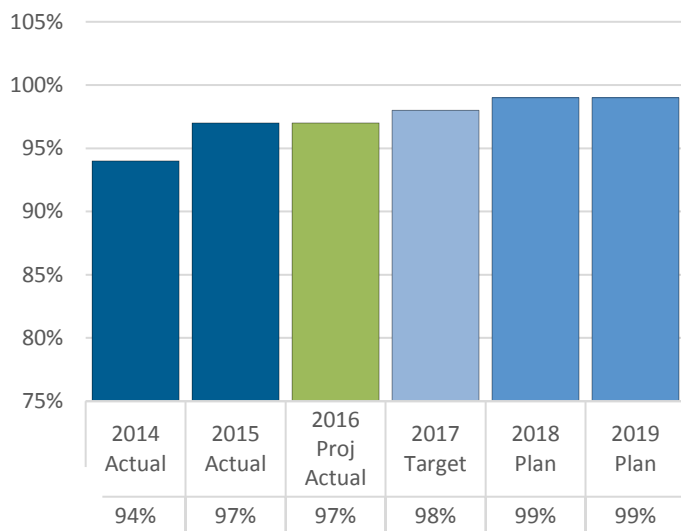
2017 Service Levels Child Care Delivery

Sub-Activity/Type		Status	2014	2015	2016	2017	
Early Learning and Education		Approved	annual	annual	annual	annual	
		Actual					
Enriched Early Learning and Care	Infants - % occupancy of children placed through Toronto Early Learning and Child Care Services	Approved	96% of 98% target achieved	96% of 98% target achieved	96% of 98% target achieved	98% of 98%	
		Actual					
	Toddlers - % occupancy of children placed through Toronto Early Learning and Child Care Services	Approved	96% of 98% target achieved	96% of 98% target achieved	96% of 98% target achieved	98% of 98%	
		Actual					
	Pre-school Children - % occupancy of children placed through Toronto Early Learning and Child Care Services	Approved	96% of 98% target achieved	96% of 98% target achieved	96% of 98% target achieved	98% of 98%	
		Actual					
	Kindergarten aged Children - % occupancy of children placed through Toronto Early Learning and Child Care Services	Approved	96% of 98% target achieved	96% of 98% target achieved	96% of 98% target achieved	98% of 98%	
		Actual					
	School aged Children - % occupancy of children placed through Toronto Early Learning and Child Care Services	Approved	96% of 98% target achieved	96% of 98% target achieved	96% of 98% target achieved	98% of 98%	
		Actual					
	Family Financial Support	Child Care Fee Subsidy	Approved	annual	annual	annual	annual
			Actual				
Family Well-Being Support Care	Special Needs Subsidy	Approved	annual	annual	annual	annual	
		Actual					
	Family Resource Centres Subsidy	Approved	annual	annual	annual	annual	
		Actual					

The 2017 Service Levels for Child Care Delivery reflect an occupancy target of 98% which may not be feasible without new provincial subsidies.

Service Performance Measures

Percentage of Programs Meeting Assessment for Quality Improvement Requirement



- All child care centres with a service contract for fee subsidy or receiving base funding are assessed for quality standards. This assessment rates a centre's activities, learning, health & safety, adult/child interactions and nutrition by comparing them to the standards laid out in the Assessment for Quality indicators, a tool used to evaluate the City's expectations of quality for child care programs.
- The number of centres meeting operating criteria has increased from 94% in 2014, with projections of 98% in 2017 and in the future years and 99% by 2019.

Table 6
2017 Service Budget by Activity

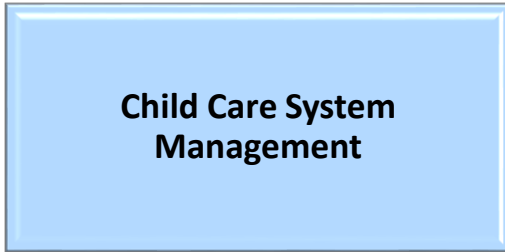
(\$000s)	2016	2017 Operating Budget							2017 Budget vs. 2016 Budget		Incremental Change			
	Budget	Base Budget	Service Changes	2017 Base	Base Budget vs. 2016 Budget		New/Enhanced	2017 Budget	\$	%	2018 Plan		2019 Plan	
					\$	%					\$	%	\$	%
GROSS EXP.														
Child Care Delivery	367,899.6	370,959.0	(1,165.1)	369,793.9	3,306.9	0.9%	3,377.7	373,171.6	5,272.0	1.0%	6,567.6	1.8%	5,003.9	1.3%
Total Gross Exp.	367,899.6	370,959.0	(1,165.1)	369,793.9	3,306.9	0.9%	3,377.7	373,171.6	5,272.0	1.4%	6,567.6	1.8%	5,003.9	1.3%
REVENUE														
Child Care Delivery	299,364.1	304,406.6		304,406.6	8,716.6	2.9%		304,406.6	5,042.5	3.0%	4,192.0	1.8%	4,127.6	1.3%
Total Revenues	299,364.1	304,406.6		304,406.6	8,716.6	2.9%		304,406.6	5,042.5	1.7%	4,192.0	1.4%	4,127.6	1.3%
NET EXP.														
Child Care Delivery	68,535.5	66,552.4	(1,165.1)	65,387.3	(3,148.2)	(4.6%)	3,377.7	68,765.0	229.5	0.3%	2,375.6	3.5%	876.3	1.2%
Total Net Exp.	68,535.5	66,552.4	(1,165.1)	65,387.3	(3,148.2)	(4.6%)	3,377.7	68,765.0	229.5	0.3%	2,375.6	3.5%	876.3	1.2%
Approved Positions	948.9	931.3	(12.8)	918.5	(30.4)	(3.2%)	3.3	921.8	(27.2)	(2.9%)	12.0	0.0%		

The **Child Care Delivery** service provides up to 26,359 fee subsidies through the use of contracted child care service delivery and through 52 Toronto Early Learning Child Care (TELCC) centres that help eligible families meet the cost of early learning and care.

The Child Care Delivery Service's 2017 Operating Budget of \$373.172 million gross and \$68.765 million net is \$0.230 million or 0.3% above the 2016 Approved Net Budget.

- In addition to the base budget pressures and revenues changes common across both services, the pressures in the *Child Care Delivery* service includes the inflationary cost of purchased child care, the use of tax funding to maintain the 125 subsidized spaces that were added during the 2016 Budget process with a one-time funding source; reversal of the 2016 Child Care Expansion Fund of \$2.360 million; as well as the \$0.188 million from the impact of legislated changes in staffing ratios.
- Revenue changes include a projected 1.5% increase of \$4.599 million in Provincial subsidy, an increase in the family contribution to the cost of service of \$5.0 million.
- To help mitigate the above pressures, \$1.165 million in base reductions and efficiencies have been achieved, primarily through line by line savings of \$0.400 million; savings of \$0.387 million through workload realignment (reduction of 7.5 temporary positions) primarily from the phase out of staff involved in the implementation of the new provincial Funding Mode.I
- Service expansion includes funding of \$3.003 million gross and net to support the addition of 300 new child care subsidies to help alleviate system demand, which will increase the number of subsidies to 25,359, with the additional spaces to be available in under-served neighbourhoods.
- New funding of \$0.375 million will also provide 4 temporary positions to administer system growth and transformation. Of these new positions, 3.2 are required to manage transformation of directly related to Child Care Delivery, specifically the move to a risk-based assessment of client subsidy eligibility; and the expansion of school age programs and business transformation related to an online client portal for 40,000 + families beginning in 2017. Funding for these positions is provided from the Child Care Expansion Reserve Fund.

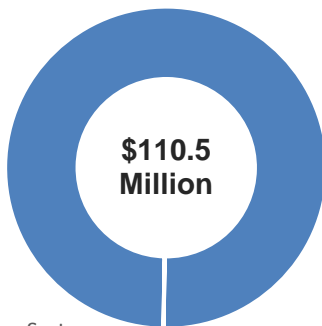
Child Care System Management



What We Do

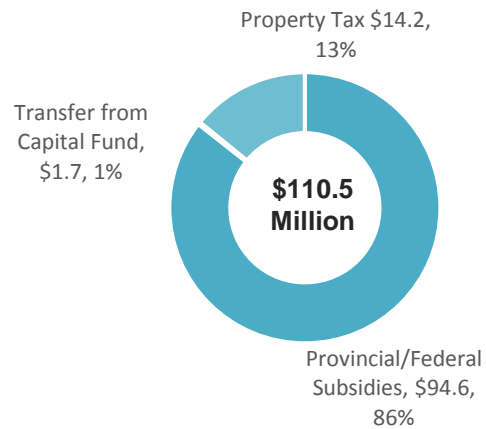
- Plan and manage Toronto's Child Care system in accordance with the Council approved Child Care Service Plan and Provincial guidelines.
- As Consolidated Municipal Service Manager (CMSM) for the City of Toronto, plan and implement policies and programs within the Provincial legislative framework that are designed to meet specific local requirements. In this capacity, the City develops and implements planning processes and programs to address service gaps and ensure that local goals are met.

2017 Service Budget by Activity (\$Ms)

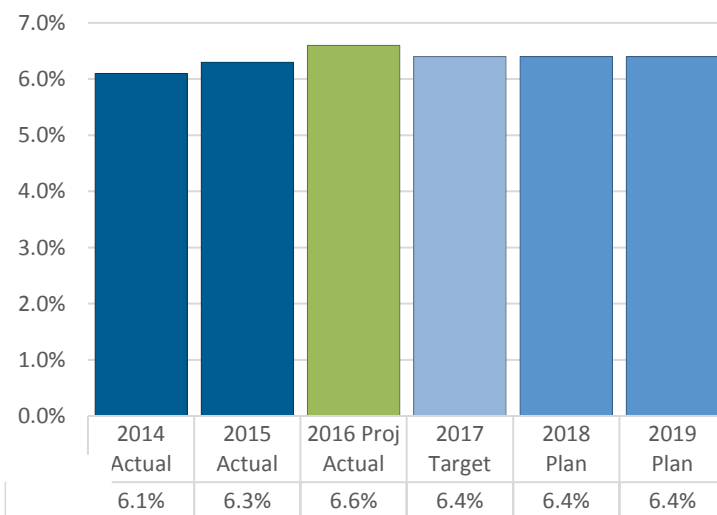


Child Care System Management, \$110.5, 100%

Service by Funding Source (\$Ms)



Administration as % of Total Gross Expenditure



- Historically, the cost of program delivery is between 5% and 6% of the Program's gross expenditures.
- For 2016, administrative costs are projected to temporarily increase to 6.6% reflecting the impact of managing the expanded child care system, responding to additional Provincial requirements and implementation of the new Funding Model across the sector. Administrative costs are projected to drop to 6.4% for outer years.
- Administrative cost ratios have historically been kept significantly below the Provincial guideline of 10%.

2017 Service Levels Child Care System Management

Sub-Activity/Type		Status	2014	2015	2016	2017
Integrated Service System Planning	Service Plan	Approved	100%	100%	100%	100%
		Actual				
	Service Plan - Curriculum Development	Approved	100%	100%	100%	100%
		Actual				
	Service Plan - Policy Development	Approved	100%	100%	100%	100%
		Actual				
Children's Services Report Card	Approved	biannual	biannual	biannual	biannual	
	Actual					
Early Learning and Care Capacity		Approved	annual	annual	annual	annual
		Actual				
Research and Innovation		Approved	annual	annual	annual	annual
		Actual				
Service Providers Financial Support	Wage Subsidy	Approved	quarterly	quarterly	quarterly	quarterly
		Actual				
	General Operating Grant	Approved	biannual	biannual	biannual	quarterly
		Actual				

The 2017 Service Levels are consistent with the approved 2016 Service Levels for the Child Care System Management Service.

Table 6 2017 Service Budget by Activity

(\$000s)	2016		2017 Operating Budget						2017 Budget vs. 2016 Budget		Incremental Change			
	Budget	Base Budget	Service Changes	2017 Base	Base Budget vs. 2016 Budget	% Change	New/Enhanced	2017 Budget	2017 Budget vs. 2016 Budget	2018 Plan	2019 Plan			
	\$	\$	\$	\$	\$	%	\$	\$	\$	%	\$	%	\$	%
GROSS EXP.														
Child Care System Management	105,639.5	110,492.2	(70.1)	110,422.1	3,649.6	3.5%	80.6	110,502.7	4,863.2	3.5%	682.6	1.7%	3,381.1	3.4%
Total Gross Exp.	105,639.5	110,492.2	(70.1)	110,422.1	3,649.6	3.5%	80.6	110,502.7	4,863.2	4.6%	682.6	0.6%	3,381.1	3.0%
REVENUE														
Child Care System Management	96,052.6	96,286.7		96,286.7	234.2	0.2%		96,286.8	234.2	3.0%	9.9	1.7%	10.9	0.0%
Total Revenues	96,052.6	96,286.7		96,286.7	234.2	0.2%		96,286.7	234.2	0.2%	9.9	0.0%	10.9	0.0%
NET EXP.														
Child Care System Management	9,586.9	14,205.5	(70.1)	14,135.4	4,548.5	47.4%	80.6	14,216.0	4,629.1	48.3%	672.7	4.7%	3,370.2	22.6%
Total Net Exp.	9,586.9	14,205.5	(70.1)	14,135.4	4,548.5	47.4%	80.6	14,216.0	4,629.1	48.3%	672.7	4.7%	3,370.2	18.5%
Approved Positions	42.0	61.1	(1.2)	59.9	17.9	42.6%	0.8	60.8	18.7	44.5%	2.0	0.0%		

The **Child Care System Management** plans and manages Toronto's child care system in accordance with the Council approved Service Plan and Provincial guidelines

The Child Care System Management's 2017 Operating Budget of \$110.503 million gross and \$14.216 million net is \$4.629 million or 48.3% over the 2016 Approved Net Budget.

- In addition to the base budget pressures common to all services, \$2.364 million is required for salaries and benefits, with positions moved from the Child Care Delivery service to align the positions with the workload distribution based on current needs.
- An allocation of \$1.963 million for the inflationary cost of purchased child care is included in 2017.

- The 2017 Budget includes an increase in the current wage grants to child care operators of \$0.432 million under the General Operating Grant program. The General Operating Grant replaces historic provincial wage related grant programs and will be distributed to service providers, replacing the existing wage-related grant programs for child care that can be used to support child care workers' salaries, offset operating expenses, which will improve affordability for families.



Part 3:

Issues for Discussion

Issues Impacting the 2017 Budget

Budget Reduction Target

- The Children's Services 2017 Operating Budget of \$483.674 million gross and \$82.981 million net, is \$4.859 million or 6.2% higher than the 2016 Approved Net Operating Budget, and is \$6.890 million or 9% greater than the budget reduction target of -2.6%, as set out in the 2017 Operating Budget Directions approved by Council for all City Programs, Agencies and Accountability Offices.
- Children's Services was able to offset the base budget pressures of \$11.519 million (which includes continued funding for 125 new subsidies added in 2016) by realizing cost savings from efficiencies and service adjustments of \$2.368 million; revenue changes that include family fee revenues (based on actual experience) and additional Provincial subsidy for a total of \$9.834 million.
- New priorities include 300 new child care subsidies requiring funding of \$3.003 million that will support service demand in under-served neighbourhoods. As well, funding of \$0.455 million is required for service enhancements by adding 4 temporary positions to help leverage IT enhancements and administer system growth.

Sustainment of the Child Care Expansion Reserve Fund

- Funding on-going programming through the use of reserve funds began in 2006 when the Federal government cancelled the Early Learning and Child Care agreement with Ontario, reducing provincial funding which was to be allocated to the municipalities through the *Provincial Best Start Program*.
- In 2006 and 2007, the City received an allocation of \$73.5 million through the *Best Start Program*. The City used the funding to expand programming by 3,351 new child care spaces through a capital expansion program of \$21.0 million, and funded 2,000 additional child care fee subsidies with funding provided from the Child Care Expansion Reserve, with the reserve continuing to be the funding source for these subsidies as well as the funding source for the annual Program shortfall.
- Between 2009 - 2015, the budgeted contribution from the Child Care Expansion Reserve has ranged between \$9.0 million and \$13.0 million, and was reduced to \$3.607 million in 2016. The actual draws have been lower than budget, reflecting an increase in provincial funding, the alignment in the cost of purchased child care to better reflect age-mix, and an increase in family contribution to the cost of child care based on current levels of family income.
- City Council at its meeting of July 7, 2015 approved a 5-Year Child Care Funding Strategy to incrementally replace the reserve funding with property tax funding. In the same meeting, Council also directed a transfer of \$21 million from the Child Care Expansion Reserve Fund to the Child Care Capital Reserve to add physical capacity in the child care system between 2016 and 2020.
- Over the 5-year period, the City would incrementally increase the funding for programming by \$12.3 million, which would extend the life of the Child Care Expansion Reserve Fund beyond 2020. The 5-Year Funding Strategy originally intended to be implemented in 2016 was not fulfilled due to the budget pressures and structural changes in the base budget as discussed above.
- During the 2016 Budget process, Council added another 200 child care spaces to be phased-in over 2016 (125 spaces) funded from the Child Care Expansion Reserve Fund, and 2017 (75 spaces) to be funded from the property tax base. In the absence of a sustainable, ongoing funding source, the additional 200 spaces created a pressure of \$2.0 million in 2017.
- In order to maintain Program sustainability and to fully address the recommendations in the 5-Year Funding Strategy, Council has, with the approval of the 2017 Operating Budget for Children's Services, approved property tax funding of \$2.717 million to replace one-time use of the reserve draw, as noted in Recommendation #131 below:

- City Council approve permanent property tax funding of \$2.717 million, as reflected in the 2017 Budget Committee Recommended Budget ..., to replace one-time use of reserve draw from the Child Care Expansion Reserve Fund (XR1101), historically used as a bridging strategy to balance the annual operating budget short fall for the provision of child care subsidies, thereby permanently replacing the need for the 5 year Child Care funding strategy previously approved by Council in 2015.

New and Expanded Program Responsibilities resulting from Provincial transfer programming

- The report CD14.4 "*Planning for Ontario Early Years Child and Family Centres in Toronto*" provided an update on the Provincial announcement in February 2016, advising that four provincially-funded child and family program types will be consolidated and branded as Ontario Early Child Care and Family Centres (OEYCFCs). The report can be referred from the link.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.CD14.4>
- As part of this transition, Consolidated Municipal Service Managers (CMSMs) will now be required to plan, transform and manage on-going service system management of these programs under provincial guidelines.
- For the City, the following 4 provincially managed program types, currently delivered by community agencies, and provincially funded at approximately \$21.0 million will be transferred to Children's Services for program administration:
 - 2 Better Beginnings, Better Futures (BBBF), provides service to young children in high risk neighbourhoods from experiencing poor developmental outcomes with a target of 1,437 children with
 - 44 Child Care Resource Centres (CCRCs) delivered by 34 agencies and either partially or fully funded by the City. The agencies are community-based organizations that work with children, families and caregivers, that focus on building supportive relationships, facilitating growth, Service is provided to 16,671 parents/caregivers and 17,184 children, with provincial funding of \$1.700 million and City's contribution of \$2.000 million for this programming.
 - 24 Ontario Early Years Centres (OEYCs) including Aboriginal and French-language centres, delivered by 20 agencies (with 118 satellite locations delivered by the funded agency or a third party). OEYCs provide free programs to parents and caregivers and their children and provide information about child development. Service is provided to 49,881 children and 43,385 parents/caregivers, with provincial funding of \$12.239 million.
 - 98 Parenting and Family Literacy Centres (PFLCs) funded by the Province and delivered by and located in three school boards. These provide play-based programs that are designed to support children's early learning and development and are aligned with the Kindergarten program. Services include 307,991 child visits, with provincial funding of \$5.723 million
- While the current program types have different services, mandates, governance structures, and historic funding agreements, it is believed that through coordinating the planning of child and family programs at the community level, these programs can be better structured to serve the community.
- In order to plan the transition, the 2017 Operating Budget includes Provincial funding for 3 new positions (\$0.298 million gross \$0 net) to assist in the transition planning and to provide French language capacity-building, as mandated by provincial guidelines.
- The Province has advised Children's Services that administrative funding will be provided in 2017 for this program and this is reflected in the 2017 estimated provincial allocation. Funding will be utilized to engage external planning support through an RFP process, to expedite the planning and transition process with the community.
- Once the full details of provincial funding are known, Children's Services will report the details of the funding formula and the impact on service levels and the financial impact on the future years' operating budgets.

Impact of System Growth

- In response to City Council's approval of the 2015-2019 Service Plan in May 2015, Children's Services has developed a multi-year growth strategy for child care in Toronto, which was presented to City Council for consideration in CD15.2 "Growing Toronto's Licensed Child Care System" at its meeting on Nov 8, 2016. Here is the link to the report: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.CD15.2>
- With Early Learning and Child Care high on the agendas of both the provincial and federal governments, the first federal budget committed to investing \$500 million in 2017-18 to support the establishment of a new National Early Learning and Child Care Framework, with \$100 million earmarked for Indigenous programs. The federal and provincial governments are currently negotiating a funding framework.
- On September 12, 2016 the Ontario Government committed to creating 100,000 new child care spaces for infants to four year olds within the next five years. Based on past investments, Toronto's share is expected to be 30 per cent or approximately 30,000 with funding allocations for spaces, operating costs and fee subsidies. Provincial legislative changes also require school boards to provide after-school programs to all children aged 4 to 12 where there is a need.
- Once details from the federal and provincial governments are provided on the new funding agreements, Children's Services will use the information and models developed from the demand and affordability study to report back on a growth strategy for Toronto's child care system. The strategy will analyze areas of highest need for prioritized growth, and report back with an update on the Children's Services growth strategy.
- It is important to note that growth will not be sustainable without addressing affordability. Growing capacity without addressing affordability, including fee subsidies, would increase the likelihood of vacancies since most families cannot afford the costs of care.

Future Year Impact of General Operating Grant

- The 2017 Budget for Children Services provides funding of \$0.432 million, to cover the increased financial impact as a result the first year of the new General Operating Grant, which will apply to all licensed child care centre operators with a purchase of service or other contract with the City.
- The General Operating Grant stems from the 2012 Provincial Child Care Funding Framework that changed the way in which municipalities are funded by the Province for child care.
- The General Operating Grant will replace the existing wage-related grant programs for child care service providers with a consolidated grant that can be used to support child care workers' salaries; offset operating expenses and improve affordability for families.
 - This single, consolidated grant will allow service providers greater flexibility to address their specific service and business needs within the funding model implementation framework guidelines.
 - No service provider will receive a reduction in existing base funding, assuming their operating capacity does not change.
- Funding to support the General Operating Grant will be cost shared with the Province (80/20), and is included in the existing wage grant program funding of \$48.6 million, which includes a reinvestment of the unallocated wage subsidy of \$6 million.
- The impact of the General Operating Grant is primarily driven by system growth. In addition to the 2017 pressure of \$0.432 million, the 2018 and 2019 Outlooks for Children's Services incorporates a pressure of \$0.850 million and \$1.150 million respectively, which is based on anticipated system growth in the number of spaces in the child care system.
 - This growth results both from the increase of 998 spaces to be created through projects added through the 2017-2026 Capital Plan for Children's Services, and the additional spaces created directly by the

Province through the *"School-First Child Care Retrofit Policy"*, which is a 100% provincially funded program that addresses system growth.

- Through the *"School-First Child Care Retrofit Policy"*, the Toronto District School Board has been allocated \$14.404 million with space conversion targets of 2,432 new spaces and Toronto Catholic School Board allocated \$3.600 million to create 608 new spaces for a total growth in spaces of 4,038.



Appendices

Appendix 1

2016 Service Performance

Key Service Accomplishments

In 2016, Children's Services accomplished the following:

- ✓ Provided more than 27,000 families received a fee subsidy in 2016, enabling them to participate in employment or educational activities.
- ✓ Increased the number of licensed child care spaces by more than 300 in 2016.
- ✓ Added capital projects that create an additional 12 child care centres through the 10 year Capital Plan, increasing the target from 8 to 20 new centres to support growth in licensed child care spaces in underserved neighborhoods.
- ✓ Implemented the provincial Wage Enhancement program for staff in 900 + child care programs and 19 home child care agencies.
- ✓ Launched the Shared Outcomes for Child Care and Family System in Toronto, which defines population indicators and analyses data to measure the well being over time of children and families in Toronto.
- ✓ Launched the Middle Childhood Quality Child care Standards, and action plan to move toward a system of accessible, high quality before and after school programs for children in middle childhood (ages 6-12).
- ✓ Expanded the implementation of the Quality Framework and the Assessment for Quality Improvement (AQI) so that all City funded child care programs participate in the quality framework, thus expanding the number of child care programs that are assessed and supported for quality.

Appendix 2

2017 Operating Budget by Expenditure Category Program Summary by Expenditure Category

Category of Expense (\$000's)	2014	2015	2016	2016	2017	2017 Change		Plan	
	Actual	Actual	Budget	Projected	Budget	from 2016		2018	2019
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	75,385.2	79,673.3	86,664.8	86,664.8	88,751.3	2,086.5	2.4%	91,496.7	93,728.6
Materials and Supplies	2,161.5	2,547.3	2,637.1	2,637.1	2,645.9	8.8	0.3%	2,705.7	2,776.9
Equipment	743.7	946.1	736.5	736.5	727.6	(8.9)	(1.2%)	741.1	756.9
Services & Rents	313,240.8	353,726.0	376,696.9	376,696.9	384,445.5	7,748.6	2.1%	389,015.8	395,053.9
Contributions to Capital							-		
Contributions to Reserve/Res Funds	1,194.0	1,295.7	1,280.7	1,280.7	1,280.7			1,280.7	1,280.7
Other Expenditures	19.3	10.7	726.6	726.6	669.3	(57.3)	(7.9%)	669.3	669.3
Interdivisional Charges	3,052.2	4,155.1	4,796.4	4,796.4	5,154.1	357.7	7.5%	5,015.3	5,043.3
total Gross Expenditures	395,796.7	442,354.2	473,539.0	473,539.0	483,674.4	10,135.4	2.1%	490,924.6	499,309.6
Interdivisional Recoveries	6,017.2	8,729.5	10,200.0	10,200.0	10,200.0			10,200.0	10,200.0
Provincial Subsidies	298,328.8	323,214.3	352,049.6	352,049.6	356,883.2	4,833.6	1.4%	361,085.2	365,223.7
Federal Subsidies							-		
Other Subsidies							-		
User Fees & Donations	24,885.8	28,448.6	25,569.6	25,569.6	30,569.6	5,000.0	19.6%	30,569.6	30,569.6
Transfers from Capital Fund	264.8		1,280.6	1,280.6	1,280.6			1,280.6	1,280.6
Contribution from Reserve/Reserve Funds	626.0		6,316.9	6,316.9	1,760.0	(4,556.9)	(72.1%)	1,759.9	1,759.9
Sundry Revenues	22.8	5,199.7					-		
total Revenues	330,145.4	365,592.1	395,416.7	395,416.7	400,693.4	5,276.7	1.3%	404,895.3	409,033.8
total Net Expenditures	65,651.3	76,762.1	78,122.3	78,122.3	82,981.0	4,858.7	6.2%	86,029.3	90,275.8
pproved Positions	930.7	982.6	990.9	990.9	982.5	(8.4)	(0.8%)	995.0	995.0

based on the 2016 9-month Operating Variance Report

Children's Services is projecting a \$0 net variance at year-end, with gross expenditures and revenue at budget, as the new Wage Enhancement program is underway, and the distribution of child care subsidies at target. Should there be any gross under expenditures, the draw from the Child Care Expansion Reserve Fund will be reduced by an equal amount.

For additional information regarding the 2016 Q3 operating variances and year-end projections, please refer to the attached link for the report entitled "Operating Variance Report for the Nine-Month Period Ended September 30, 2016" considered by City Council at its meeting on December 13, 2016.

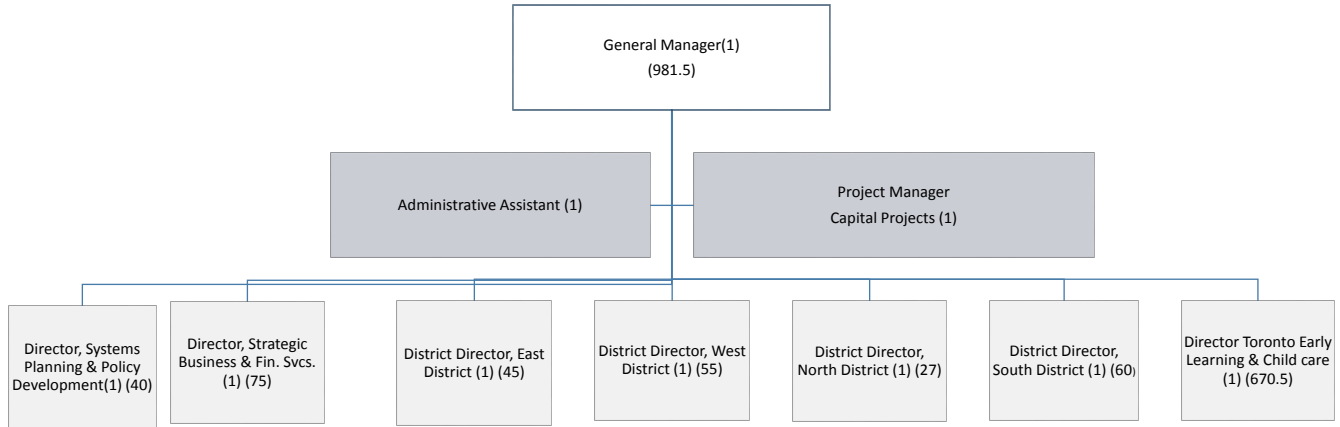
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.BU26.4>

Impact of 2016 Operating Variance on the 2017 Operating Budget

- For 2017, with the inclusion of service adjustments and an increase in the parental contributions that aligns the family portion of the cost of service to actuals, the 2017 contribution from the Child Care Expansion Reserve Fund of \$2.717 million will be lower than in the 2016 budgeted draw of \$3.607 million by \$0.890 million.

Appendix 3

2017 Organization Chart



2017 Total Complement

Category	Senior Management	Management	Exempt Professional & Clerical	Union	Total
Permanent	1.0	156.0	2.0	789.5	948.5
Temporary		19.0		15.0	34.0
Total	1.0	175.0	2.0	804.5	982.5

Appendix 4

Summary of 2017 Service Changes

2017 Operating Budget - Council Approved Service Changes Summary by Service (\$000's)

Form ID		Citizen Focused Services A Program - Children's Services	Adjustments				2018 Plan Net Change	2019 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
2017 Council Approved Base Budget Before Service Change:			481,047.4	400,693.4	80,354.0	992.42	6,070.2	4,637.9
11135	Workload Adjustment for the New Prov Funding Model							
51	0	Description:						
<p>Savings of \$0.330 million will be realized in 2017 through accelerating the reduction of 6 temporary staff originally planned for 2 years to implement the new Provincial Funding Model. The Funding Model Team was approved in 2015 with 14 temporary positions required to make system and process changes, and funding refinements to the existing administrative frame work that supports child care delivery. The remaining 8 temporary positions are required to administer the Wage Enhancement program and will be extended to December 2017. A permanent staffing requirement will be considered as part of the 2018 Operating Budget pending, Provincial direction on the continuation of this program</p>								
Service Level Impact:								
Remainig work to complete the new funding model implementation will be re-assigned among remaning staff.								
Service: Child Care Delivery								
Preliminary Service Changes:			(263.7)	0.0	(263.7)	(4.80)	(363.5)	(23.8)
BC Recommended Change:			0.0	0.0	0.0	0.00	0.0	0.0
EC Recommended Change:			0.0	0.0	0.0	0.00	0.0	0.0
CC Recommended Change:			0.0	0.0	0.0	0.00	0.0	0.0
Total Council Recommended			(263.7)	0.0	(263.7)	(4.80)	(363.5)	(23.8)
Service: Child Care System Management								
Preliminary Service Changes:			(65.9)	0.0	(65.9)	(1.20)	(90.9)	(6.0)
BC Recommended Change:			0.0	0.0	0.0	0.00	0.0	0.0
EC Recommended Change:			0.0	0.0	0.0	0.00	0.0	0.0
CC Recommended Change:			0.0	0.0	0.0	0.00	0.0	0.0
Total Council Recommended			(65.9)	0.0	(65.9)	(1.20)	(90.9)	(6.0)
Total Preliminary Service Changes::			(329.7)	0.0	(329.7)	(6.00)	(454.4)	(29.8)
Budget Committee Recommended:			0.0	0.0	0.0	0.00	0.0	0.0
Executive Committee Recommended:			0.0	0.0	0.0	0.00	0.0	0.0

2017 Operating Budget - Council Approved Service Changes Summary by Service (\$000's)

Form ID		Citizen Focused Services A Program - Children's Services	Adjustments				2018 Plan Net Change	2019 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
		City Council Approved:	0.0	0.0	0.0	0.00	0.0	0.0
		Total Council Approved Service Changes:	(329.7)	0.0	(329.7)	(6.00)	(454.4)	(29.8)

11136	Close Capri TELCCCs due to H & S issues & low enrollment							
59	0	Description:						
<p>Closure of the Capri TELCCC due to Health and Safety issues and chronic low enrolment will result in savings of \$0.358 million. The centre currently operates with 26 of 36 spaces utilized by families. Alternative service will be provided to families currently enrolled at this location.</p> <p>Service Level Impact:</p> <p>To reduce the impact on families, adequate notice would be given of the closure, new admissions would be halted and families would be offered a priority transfer to other child care locations of their choice.</p> <p>Service: Child Care Delivery</p>								
Preliminary Service Changes:			(357.9)	0.0	(357.9)	(6.47)	(315.2)	(15.9)
BC Recommended Change:			0.0	0.0	0.0	0.00	0.0	0.0
EC Recommended Change:			0.0	0.0	0.0	0.00	0.0	0.0
CC Recommended Change:			0.0	0.0	0.0	0.00	0.0	0.0
Total Council Recommended			(357.9)	0.0	(357.9)	(6.47)	(315.2)	(15.9)
Total Preliminary Service Changes::			(357.9)	0.0	(357.9)	(6.47)	(315.2)	(15.9)
Budget Committee Recommended:			0.0	0.0	0.0	0.00	0.0	0.0
Executive Committee Recommended:			0.0	0.0	0.0	0.00	0.0	0.0
City Council Approved:			0.0	0.0	0.0	0.00	0.0	0.0
Total Council Approved Service Changes:			(357.9)	0.0	(357.9)	(6.47)	(315.2)	(15.9)

11137	Client Services Workload Realignment							
51	0	Description:						
<p>Reduction of 1.5 temporary summer case worker positions no longer required due to the stabilization of requests for fee subsidies will result in savings of \$0.124 million.</p>								

2017 Operating Budget - Council Approved Service Changes Summary by Service (\$000's)

Form ID		Citizen Focused Services A Program - Children's Services	Adjustments				2018 Plan Net Change	2019 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
		Service Level Impact:						
		Peak work load demands during the summer months will be managed with existing staff.						
		Service: Child Care Delivery						
		Preliminary Service Changes:	(124.2)	0.0	(124.2)	(1.50)	(5.0)	(5.0)
		BC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
		EC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
		CC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
		Total Council Recommended	(124.2)	0.0	(124.2)	(1.50)	(5.0)	(5.0)
		Total Preliminary Service Changes::	(124.2)	0.0	(124.2)	(1.50)	(5.0)	(5.0)
		Budget Committee Recommended:	0.0	0.0	0.0	0.00	0.0	0.0
		Executive Committee Recommended:	0.0	0.0	0.0	0.00	0.0	0.0
		City Council Approved:	0.0	0.0	0.0	0.00	0.0	0.0
		Total Council Approved Service Changes:	(124.2)	0.0	(124.2)	(1.50)	(5.0)	(5.0)

11220		Reduction in changes from Facilities Mgmt for Custodial Svs
51	0	Description: Savings of \$0.020 million will be realized from standardization of custodial services Levels (Custodial Standard Service Model) and the consolidation of contracts managed by Facilities Management.
Service Level Impact: The changes to the Custodial Service Model that is aligned with corporate standards are expected to improve the delivery of the services by making them more efficient, effective economical.		
Service: Child Care Delivery		

**2017 Operating Budget - Council Approved Service Changes
Summary by Service (\$000's)**

Form ID		Citizen Focused Services A Program - Children's Services	Adjustments				2018 Plan Net Change	2019 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
		Preliminary Service Changes:	(19.5)	0.0	(19.5)	0.00	0.0	0.0
		BC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
		EC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
		CC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
		Total Council Recommended	(19.5)	0.0	(19.5)	0.00	0.0	0.0
		Total Preliminary Service Changes::	(19.5)	0.0	(19.5)	0.00	0.0	0.0
		Budget Committee Recommended:	0.0	0.0	0.0	0.00	0.0	0.0
		Executive Committee Recommended:	0.0	0.0	0.0	0.00	0.0	0.0
		City Council Approved:	0.0	0.0	0.0	0.00	0.0	0.0
		Total Council Approved Service Changes:	(19.5)	0.0	(19.5)	0.00	0.0	0.0

Total Council Approved Base Budget:

480,216.1	400,693.3	79,522.8	3,029.7	3,029.7	4,587.2
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Appendix 5

Summary of 2017 New / Enhanced Service Priorities

**2017 Operating Budget - Council Approved New and Enhanced Services
Summary by Service (\$000's)**

Form ID		Citizen Focused Services A Program - Children's Services	Adjustments				2018 Plan Net Change	2019 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
10151		4 Temporary Staff To Help Administer System Growth						
74	0	Description:						

2 IT-related positions are required to leverage the IT system upgrades with the implementation of the new client portal by providing client training and user support. 1 Risk Management position is required to assist with the assessment of client subsidy eligibility and evaluate centres budget applications. 1 Policy Development Officer position is required to implement the Aboriginal Service Plan, which will provide support for the expansion of school age programs and expand access to child and family programs for Indigenous children and families. These new temporary positions are fully funded by the Child Care Expansion Reserve Fund.

Service Level Impact:

The 2 IT-related positions will support 40,000 + clients requiring subsidy, and provide training and business support for the 700+ child care operators who will input their operating budgets on line. The Risk Management position will ensure the distribution of subsidies and operating grants are administered in accordance with provincial legislation and City policies. The Policy Development Officer will help deliver programming in support of legislative standards.

Service: Child Care Delivery

Preliminary:	374.7	374.7	(0.0)	3.29	389.9	15.8
BC Recommended Change:	0.0	(374.7)	374.7	0.00	(374.7)	0.0
EC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
CC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
Total Council Approved:	374.7	0.0	374.7	3.29	15.2	15.8

Service: Child Care System Management

Preliminary:	80.6	80.6	0.0	0.71	83.9	3.4
BC Recommended Change:	0.0	(80.6)	80.6	0.00	(80.6)	0.0
EC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
CC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
Total Council Approved:	80.6	(0.0)	80.6	0.71	3.3	3.4

Total Preliminary New / Enhanced Services:	455.3	455.3	0.0	4.00	473.8	19.2
Budget Committee Recommended:	0.0	(455.3)	455.3	0.00	(455.3)	0.0

Category:

2017 Operating Budget - Council Approved New and Enhanced Services Summary by Service (\$000's)

Form ID		Citizen Focused Services A Program - Children's Services	Adjustments				2018 Plan Net Change	2019 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
		Executive Committee Recommended:	0.0	0.0	0.0	0.00	0.0	0.0
		City Council Approved:	0.0	0.0	0.0	0.00	0.0	0.0
		Total Council Approved New / Enhanced Service	455.3	(0.0)	455.3	4.00	18.5	19.2

11621	Add 75 Child Care Subsidies as Directed by Council in 2016
72	Description: In accordance with recommendations in the Council Approved 2016 Operating Budget for Children's Services, 75 additional subsidized spaces for \$0.750 million gross and net are included in 2017 to support the system-wide need for child care subsidies, with additional subsidies to be available in under-served neighbourhoods

Service Level Impact:

Service: Child Care Delivery

Preliminary:	0.0	0.0	0.0	0.00	0.0	0.0
BC Recommended Change:	750.0	0.0	750.0	0.00	0.0	0.0
EC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
CC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
Total Council Approved:	750.0	0.0	750.0	0.00	0.0	0.0
Total Preliminary New / Enhanced Services:	0.0	0.0	0.0	0.00	0.0	0.0
Budget Committee Recommended:	750.0	0.0	750.0	0.00	0.0	0.0
Executive Committee Recommended:	0.0	0.0	0.0	0.00	0.0	0.0
City Council Approved:	0.0	0.0	0.0	0.00	0.0	0.0
Total Council Approved New / Enhanced Service	750.0	0.0	750.0	0.00	0.0	0.0

Additional 225 subsidies to enhance access to child care

11947	Description: Funding for an additional 225 subsidized spaces for \$2.253 million gross and net was approved by Budget Committee BC30.1 at its meeting on January 24, 2017 to enhance access to child care by adding 225 new child care subsidies. The combined increase of 75 and 225 subsidies will increase the number of subsidized spaces delivered by the City to 26,359 in 2017.
72	

Category:

71 - Operating Impact of New Capital Projects 74 - New Services
72 - Enhanced Services-Service Expansion 75 - New Revenues

**2017 Operating Budget - Council Approved New and Enhanced Services
Summary by Service (\$000's)**

Form ID		Citizen Focused Services A Program - Children's Services	Adjustments				2018 Plan Net Change	2019 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		

Service Level Impact:

Service: Child Care Delivery

Preliminary:	0.0	0.0	0.0	0.00	0.0	0.0
BC Recommended Change:	2,253.0	0.0	2,253.0	0.00	0.0	0.0
EC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
CC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
Total Council Approved:	2,253.0	0.0	2,253.0	0.00	0.0	0.0
Total Preliminary New / Enhanced Services:	0.0	0.0	0.0	0.00	0.0	0.0
Budget Committee Recommended:	2,253.0	0.0	2,253.0	0.00	0.0	0.0
Executive Committee Recommended:	0.0	0.0	0.0	0.00	0.0	0.0
City Council Approved:	0.0	0.0	0.0	0.00	0.0	0.0
Total Council Approved New / Enhanced Service	2,253.0	0.0	2,253.0	0.00	0.0	0.0

Summary:

Preliminary New / Enhanced Services:	455.3	455.3	0.0	4.00	473.8	19.2
Budget Committee Recommended:	3,003.0	(455.3)	3,458.3	0.00	(455.3)	0.0
Executive Committee Recommended:	0.0	0.0	0.0	0.00	0.0	0.0
City Council Approved:	0.0	0.0	0.0	0.00	0.0	0.0
Council Approved New/Enhanced Services:	3,458.3	(0.0)	3,458.3	4.00	18.5	19.2

Category:

Appendix 6

1 Inflows/Outflows to/from Reserves & Reserve Funds

Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (\$000s)	Reserve / Reserve Fund Number	Projected Balance as of Jan 1, 2016 \$	Withdrawals (-) / Contributions (+)		
			2017 \$	2018 \$	2019 \$
Projected Beginning Balance	XR1101	25,162.3	21,672.4	21,781.0	21,890.1
Child Care Expansion Reserve Fund					
<i>Proposed Withdrawals (-)</i>					
2016 Reserve Draw		(3,606.9)			
2017 Reserve Draw (base pressures)					
2017 Reserve Draw (service enhancements)					
2018, 2019 Reserve Draws					
<i>Contributions (+)</i>					
Interest		117.0	108.6	109.1	109.5
Total Reserve / Reserve Fund Draws / Contributions		(3,489.9)	108.6	109.1	109.5
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		21,672.4	21,781.0	21,890.1	21,999.6

Reserve / Reserve Fund Name (\$000s)	Reserve / Reserve Fund Number	Projected Balance as of Jan 1, 2016 \$	Withdrawals (-) / Contributions (+)		
			2017 \$	2018 \$	2019 \$
Projected Beginning Balance	XR1103	49,146.0	49,146.0	38,444.0	32,767.0
Child Care Capital Reserve Fund					
<i>Proposed Withdrawals (-)</i>					
Transfers to Operating					
Health and Safety/Minor Capital			(1,400.0)	(1,400.0)	(1,400.0)
Transfers to Capital			(15,360.0)	(6,776.0)	(1,587.0)
Total Withdrawals			(16,760.0)	(8,176.0)	(2,987.0)
<i>Contributions (+)</i>					
Interest			238.0	179.0	156.0
Non-Program / Health & Safety			1,000.0	1,000.0	1,000.0
Minor Repairs - CS Operating			320.0	320.0	320.0
Sale of Hollis Child Care to Metrolinx			4,500.0	1,000.0	
Total Reserve / Reserve Fund Draws / Contributions			6,058.0	2,499.0	1,476.0
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		49,146.0	38,444.0	32,767.0	31,256.0

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of \$	Withdrawals (-) / Contributions (+)		
			2017 \$	2018 \$	2019 \$
Projected Beginning Balance		36,287.6	36,287.6	36,449.6	36,611.5
Sick Leave	XR1007				
<i>Proposed Withdrawals (-)</i>					
<i>Contributions (+)</i>			162.0	162.0	162.0
Total Reserve / Reserve Fund Draws / Contributions		36,287.6	36,449.6	36,611.5	36,773.5
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		36,287.6	36,449.6	36,611.5	36,773.5

* Based on 9-month 2016 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of \$	Withdrawals (-) / Contributions (+)		
			2017 \$	2018 \$	2019 \$
Projected Beginning Balance		19,645.5	19,645.5	20,444.3	21,243.0
Insurance Reserve Fund	XR1010				
<i>Proposed Withdrawals (-)</i>					
<i>Contributions (+)</i>			798.8	798.8	798.8
Total Reserve / Reserve Fund Draws / Contributions		19,645.5	20,444.3	21,243.0	22,041.8
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		19,645.5	20,444.3	21,243.0	22,041.8

* Based on 9-month 2016 Reserve Fund Variance Report