

Analyst Briefing Notes

Budget Committee

March 26, 2007

2007 OPERATING BUDGET

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March 23, 2007

2007 OPERATING BUDGET**Executive Summary**

- The 2006 preliminary year-end net expenditure of \$67.485 million is \$0.806 million or 1.2% under the 2006 Approved Budget. This is mainly attributable to under spending in Family Resource Centres and School Rent Subsidy Programs (100% City Funded) as a result of a delay in the opening of child care centres under the Best Start Phase 1 Initiative and the implementation of Best Start integrated services. Phase 1 sites were targeted for completion by March 2006, but were completed in August 2006.
 - The under-expenditure is not expected to continue into 2007. The 2007 Recommended Operating Budget has been adjusted to reflect the revised Best Start 2006 / 2007 allocation of \$27.478 million.
- Children's Services' 3-Year Budget supports the key strategic direction of achieving the service levels outlined in the City's Best Start and Child Care Service Plan which includes maintaining the service growth already created under Best Start (23,844 licensed child care spaces), providing an integrated system of services for children with activities that will promote early learning and development, delivering services to children with special needs, providing parent and caregiver support through the Family Resource programs, and supporting families by ensuring more available funding for child care fee subsidy by maintaining fee subsidy levels.
 - A major challenge for Children's Service for 2007 and beyond will be to develop strategies to maintain and stabilize the City's child care system due to reduced funding under the Best Start Initiative and the implementation of Income Testing in 2007. The 2007 Recommended Budget relies on draws from the Child Care Expansion Reserve Fund (CCERF) (unspent 2005/2006 Best Start allocation was transferred to this reserve in 2006) to maintain current service levels. The CCERF (Best Start) will be sufficient to address 2008 pressures but not 2009. Without additional funding from other sources, service reductions of approximately 2,000 child care fee subsidy spaces may be needed by early 2009.
- The 2007 Recommended Operating Budget of \$69.025 million net is \$0.734 million or 1.1% over the 2006 Approved Budget and the 2007 target.

Table 1: 2007 Recommended Budget

(In \$000s)	2006		2007 Recommended Operating Budget			Change - 2007 Recommended from 2006 Approved Budget		FY Incremental Outlook	
	2006 Appvd. Budget	2006 Projected Actual	2007 Base	2007 New /Enhanced	2007 Operating Budget			2008	2009
	\$	\$	\$	\$	\$	\$	%	\$	\$
GROSS EXP.	379,350.7	329,546.9	335,796.3	942.2	336,738.5	(42,612.2)	(11.2)	3,100.3	1,084.7
REVENUE	311,059.7	262,061.8	266,771.5	942.2	267,713.7	(43,346.0)	(13.9)	(495.6)	0.0
NET EXP.	68,291.0	67,485.1	69,024.8	0.0	69,024.8	733.8	1.1	3,595.9	1,084.7
Approved Positions	967.7	956.7	956.7	0.0	956.7	(11.0)	(1.1)		0.0
TARGET			68,291.0		68,291.0				
\$ Over / (Under) Program Target			733.8		733.8				
% Over / (Under) Program Target			1.1%		1.1%				

- The 2007 Recommended Operating Budget of \$69.025 million net is comprised entirely of base funding and is \$0.734 million or 1.1% over the 2007 target, representing the City's cost of administration (COA) pressure in 2006 that was funded from one-time Best Start Initiative revenues. The recommended New / Enhanced Service Priority of \$0.942 million for the expansion of the After School Recreation and Care Program, is fully funded from the Social Assistance Stabilization Reserve Fund (SASRF).
 - The 2008 net incremental impact of \$3.596 million represents the reversal of reserve fund withdrawals recommended in 2007 to offset base budget pressures, inflationary increases due cost of living adjustment (COLA), merit and step increases, and an additional day in 2008. The 2009 net increase of \$1.085 million includes merit and step increases and does not include a provision for COLA, as the increase is subject to future negotiations.
- The 2007 Recommended Base Budget of \$69.025 million net represents an increase of \$0.734 million or 1.1% over the 2006 Approved Budget and the 2007 target. The base budget includes service level reductions that include a deferred contribution of \$0.320 million to the Child Care Capital Reserve Fund (as previously done every year since 2001) and additional withdrawals from the CCERF (Best Start) of \$0.496 million.
 - 2007 key cost drivers include COLA, merit and step increases of \$3.057 million, inflationary increases for non labour costs of \$5.039 million, and a provincial subsidy shortfall of \$15.409 million due to the provincial cap on base funding which does not address the growth already created under Best Start. To partially offset these pressures and maintain current service levels, the 2007 Recommended Base Budget includes draws from CCERF (Best Start) totalling \$15.905 million.

- The 2007 Recommended Operating Budget includes a net reduction of 11 staff positions due to a decrease of 18.5 positions under Best Start (annualized impact of the 2006 reduction), offset by an increase of 7.5 positions required to meet mandatory service standards in municipally operated child care centres.
- Funding for an Enhanced Service Priority (\$0.942 million, fully funded from the Social Assistance Stabilization Reserve Fund) is recommended, for the second year phase of the After School Recreation and Care Program. The program was implemented in September 2006 in the 13 priority neighbourhoods, with 24 sites planned for 2007/2008 and 23 more sites in 2008/2009. By 2009, there will be a total of 60 sites serving 3,600 children in priority neighbourhoods. This is a joint program, phased-in over 3 school years from September 2006 to June 2009, between Children's Services and Parks, Forestry and Recreation, to address child care and recreation needs of children 6-12 years of age in vulnerable communities.
- The 2007 Recommended Operating Budget includes funding to maintain current service levels of 23,844 child care fee subsidy spaces (including Best Start), and provide 26 programs to support children with special needs, 45 Family Resource Centre programs to support families and caregivers, and summer programs for 4,540 children.
- A key issue facing Children's Services in 2007 is the impact on user fee revenues as a result of the implementation of income testing. Income testing will make more families eligible for child care subsidies, but will result in an estimated annualized loss of \$15.0 million in revenue from parent fees (full impact will be experienced in 2008). As income testing will be phased-in beginning January 2007, the Program is projecting lost revenues not to exceed \$7.5 million in 2007. This has not been factored in the 2007 Recommended Operating Budget. Children's Services will be consulting with parents and other stakeholders on options to mitigate the loss of revenue to Toronto's child care system. The General Manager of Children's Services will report to the Community Development and Recreation Committee in June 2007 on the results of the consultation and a recommended strategy to address the expected reduction in revenues.

Recommendations

The City Manager and Chief Financial Officer recommend that:

- (1) the 2007 Recommended Operating Budget for Children's Services of \$336.739 million gross and \$69.025 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000's)</u>	<u>Net</u> <u>(\$000's)</u>
Program Administration	23,121.3	11,385.3
Municipal Child Care	63,999.6	15,817.4
Purchased Child Care	249,617.6	41,822.1
	<hr/>	<hr/>
Total Program Budget	336,738.5	69,024.8
	<hr/>	<hr/>

Section A: 2006 Budget Variance Analysis

Table 2: 2006 Budget Variance Review

	2005 Actuals	2006 Approved Budget	2006 Projected Actuals*	2006 Appvd. Budget vs Projected Actuals Variance	
(In \$000s)	\$	\$	\$	\$	%
GROSS EXP.	295,990.9	379,350.7	329,546.9	(49,803.8)	(13.1)
REVENUES	229,447.3	311,059.7	262,061.8	(48,997.9)	(15.8)
NET EXP.	66,543.6	68,291.0	67,485.1	(805.9)	(1.2)
Approved Positions	921.7	967.7	956.7	(11.0)	(1.1)

*Projected Actual expenditures based on the Preliminary Year-end Variance Report

2006 Experience

- Based on the preliminary year-end results, Children's Services has a favourable gross and net year-end expenditure variance of \$49.804 million (13.1%) and \$0.806 million (1.2%) respectively.
- The gross under expenditure is primarily due to the cancellation of the Best Start Initiative by the Province (with a corresponding reduction in Provincial Revenues) and the delayed opening of child care centres under Best Start (Phase 1), impacting on enrolment levels which were lower than anticipated. Phase 1 sites were targeted for completion by March 2006; however, this was revised to August 2006 resulting in under expenditure of the 2005/2006 allocation of Best Start in 2006.
- Higher revenues realized from user fees of \$4.024 million partially offset the provincial subsidy shortfall due to reduced Best Start funding.
- The net under expenditure of \$0.806 million is due to under spending in Family Resource Centres and School Rent Subsidy Programs (100% City Funded) as a result of delays in the opening of Best Start sites and the implementation of Best Start integrated services.

Impact of 2006 Operating Variance on 2007 Recommended Budget

The 2007 Recommended Operating Budget has been adjusted to account for the revised Best Start 2006 / 2007 allocation of \$27.478 million. The net under expenditure in 2006 will be transferred to the Child Care Expansion Reserve Fund and used to fund service level growth and annual operating requirements of child care spaces already created under Best Start.

Revenues from user fees have been increased in 2007 by \$0.798 million based on the Program's 2006 experience. However, the impact of implementing income testing on user fee revenues has not been factored in the 2007 Recommended Operating Budget.

Section B: 2007 Operating Budget Overview

3-Year Operating Budget Overview

The 3-Year Operating Budget supports Children's Service's commitment to promote equitable access to high quality care of children and support for families and caregivers. Child care services are planned and provided in ways to promote early learning and development and to respond to families' needs and choices.

The Program's key strategic directions and priorities include the following:

- Implement the service growth levels outlined in the City's 2005 – 2009 Child Care Service Plan (funding under Best Start has created fifty-one new or expanded child care programs with 2,000 new subsidy spaces);
- Provide leadership in developing an integrated system of services for children that will provide high quality early learning and child care experiences, and promote healthy child development;
- In partnership with the community, increase equitable access to high quality child care services and support families in securing child care fee subsidies through eligibility assessments; and,
- Manage the transition to Income Testing.

Service Delivery – Challenges and Issues

- Children's Services, as the City's "child care service system manager" under provincial legislation, is responsible for planning and managing a broad range of child care services which include programs that are cost-shared with the Province (80% provincial share) such as licensed child care (centre-based and home child care), special needs resourcing to support children with special needs, and support for families and caregivers through the family resource centre programs. Children's Service also provides 100% City funded programs such as before- and after-school and summer day programs. These child care services are delivered through directly operated municipal child care centres and purchased child care services.
 - *Municipal Child Care Services:* Municipally operated child care centres operate in high needs communities providing high quality early learning and child care programs that promote health child development and support parents. There are currently 57 directly operated child care centres throughout the City serving 2,850 children aged 0-12 year and an additional 980 children served through Municipal Home Child Care in 300 provider homes.
 - *Purchase Child Care Services:* Many child care centres and home care agencies have a service contract with the City of Toronto to serve families receiving fee subsidies. Child Care Centres provide day nursery services while Private Home Day Care agencies provide home day care services both to subsidized children aged 0-12 years. Special needs resource services are purchased to provide services for children with special needs (children with behavioural, physical and/or developmental disabilities or delay) while parent/caregiver support services (lending libraries, child care registry, playground and workshops/seminars) are purchased through Family Resource Centre Programs.

- The 2007 Recommended Operating Budget will provide the following services:
 - 23,844 child care fee subsidy spaces (including Best Start)
 - 26 programs to support children with special needs;
 - 45 family resource centres and an additional 12 family resource centres in schools supported by the City's agreement with the Boards of Education; and,
 - 4,540 children to attend funded summer day programs; and,
 - 16 Before and After School programs for 355 children.
- Children's Services key challenge in 2007 is the development of strategies to secure and stabilize the City's child care system in response to reductions to the Provincial Best Start allocation and any lost revenue from the implementation of Income Testing.
 - *Reduction of Best Start Funding:*
 - The City's Best Start Child Care Service Plan was based on the expectation of funding from \$45.9 million in 2005 to \$125.0 million in 2008. As a result of the cancellation of the early Learning and Child Care agreement by the federal government, the province reduced Best Start Allocations to \$27.478 million in 2007.
 - The current provincial funding for child care is not sufficient to maintain the service growth already created under Best Start. A draw of \$15.409 million from the Child Care Expansion Reserve Fund (Best Start) is required to maintain current service levels of 23,844 child care fee subsidy spaces.
 - The balance of the CCERF (Best Start), estimated at \$28.5 million by 2007 year-end, is sufficient to maintain services levels in 2008 but not in 2009. Without additional funding from other sources, service reductions of approximately 2,000 child care fee subsidy spaces may be needed by early 2009. A report to the Community Development and Recreation Committee is scheduled for June 2007 to provide strategies for 2009 and beyond to address the reduced Best Start funding.
 - *Implementation of Income Testing effective January 1, 2007:*
 - The major challenge to maintaining current service levels in 2007 will be the impact of income testing. Effective January 1, 2007, the Province introduced income testing as a method for determining eligibility for a child care fee subsidy. Under the new regulations, fees are determined based on income rather than on needs assessment
 - With this new method, more families will be deemed eligible for child care fee subsidy; however, this will result in lower revenues from parent fees. Since income testing will be phased-in, the Program is projecting lost revenues not to exceed \$7.5 million in 2007 with an annualized impact estimated at \$15.0 million in 2008 (translates to 1,500 subsidy spaces). This projected loss of revenues has not been factored in the 2007 Recommended Operating Budget.

- Children's Services will continue to advocate for additional funding from the Provincial government to provide the necessary fee subsidies to meet the growing number of families eligible for fee subsidies and to offset the projected loss of revenues from parent fees. The General Manager of Children's Service will report to the Community Development and Recreation Committee in June 2007 on options to mitigate the loss of revenues.
- Funding for the Enhanced Service Priority of \$0.942 million (fully funded from the SASRF) for the expansion of the After School Recreation and Care program will result in the implementation of this program to 24 sites in 2007/2008 in the City's 13 priority areas. In 2008/2009, an additional 23 more sites are planned for a total of 60 programs serving 3,600 children in priority neighbourhoods.

Section C: 2007 Recommended Base Budget

Table 3: 2007 Recommended Base Budget

(In \$000s)	2006 Appvd. Budget	2007 Recommended Base	Change 2007 Recommended Base v. 2006 Appvd. Budget		FY Incremental Outlook	
			\$	%	2008	2009
	\$	\$			\$	\$
GROSS EXP.	379,350.7	335,796.3	(43,554.4)	(11.5)	3,100.3	1,084.7
REVENUE	311,059.7	266,771.5	(44,288.2)	(14.2)	(495.6)	0.0
NET EXP.	68,291.0	69,024.8	733.8	1.1	3,595.9	1,084.7
Approved Positions	967.7	956.7	(11.0)	(1.1)		
NET TARGET		68,291.0			0.0	0.0
\$ Over / (Under) Program Target		733.8			3,595.9	1,084.7
% Over / (Under) Program Target		1.1%			5.27%	1.59%

2007 Recommended Base Budget

The 2007 Recommended Base Budget of \$69.025 million net represents an increase of 1.1% or \$0.734 million over the 2006 Approved Budget and the 2007 target.

The 2007 base budget pressures of \$1.549 million net primarily due COLA, merit and step increases, inflationary increases for non-labour costs and annualization were partially offset by service level reductions of \$0.816 million net with no impact on current service levels. These reductions include a deferred contribution of \$0.320 million to the Child Care Capital Reserve Fund (as previously done every year since 2001) and additional withdrawal from the CCERF (Best Start) of \$0.496 million. The net pressure of \$0.734 million represents the reversal of one-time Best Start funding recommended in 2006 to reduce the City's cost of administration pressure.

2007 Key Cost Drivers

Key cost drivers impacting 2007 gross expenditures are:

- cost of providing current service levels requires \$ 3.057 million for COLA, merit and step increases, and \$5.039 million for inflationary increases for non labour costs (approximately \$4.833 million for purchased day care services).
- the provincial cap on base funding does not address the growth already created under Best Start resulting in a provincial subsidy shortfall of \$15.409 million;

- to sustain the new child care spaces already created under Best Start Phase 1, an increase of 7.5 positions (\$0.355 million) is required to meet mandatory service standards in municipally operated child care centres. This is offset by the a decrease of 18.5 positions under Best Start (annualized impact of the 2006 reduction), resulting in a net staff reduction of 11 staff positions.

These base pressures are offset by the following:

- to reflect reduced Best Start Allocation due to the cancellation of the early Learning and Child Care agreement by the federal government, the province reduced Best Start Allocations resulting in a reduction of \$51.472 million gross expenditures and revenues;
- based on the Program's 2006 experience, revenues from user fees increased by \$0.798 million; and,
- recommended withdrawals of \$15.904 million from the CCERF (Best Start), as follows:
 - \$15.409 million to offset the Provincial funding shortfall; and.
 - \$0.496 million to reduce the City's share of base budget pressures.

2008 and 2009 Outlook: Net Incremental Impact:

The 2008 net incremental impact of \$3.596 million represents the reversal of the withdrawal of \$0.496 million from the CCERF (Best Start) recommended in 2007 to fund base budget pressures, inflationary increases due COLA, merit and step increases, and an additional one day in 2008.

The 2009 net increase of \$1.085 million includes merit and step increases and the reversal of the additional day in 2008. The 2009 Outlook does not include a provision for COLA, as the increase is subject to future negotiations.

Implementation of income testing will be phased-in beginning in January 2007. The Program is projecting lost revenues not to exceed \$7.5 million in 2007 with an annualized impact estimated at \$15.0 million in 2008 (translates to 1,500 subsidy spaces). This projected loss of revenues has not been factored in the 2007 Recommended Operating Budget. The General Manager of Children's Service will be reporting back to the Community Development and Recreation Committee in June 2007 on options to mitigate lost revenues from parent fees.

Section D: 2007 Recommended Service Priorities

Table 4: Summary of 2007 New / Enhanced Service Priorities (In \$000s)

Priority	Description	2007 Recommended		Rec. New Positions	Net Incremental Impact	
		Gross Exp.	Net Exp.		2008	2009
		\$	\$		\$	\$
(a) Enhanced Service Priorities - Council Approved:	After School Recreation and Care Program	942.2	0.0	0.0	0.0	0.0
(b) Enhanced Service Priorities - Program Initiated:						
Sub-Total Enhanced Service Priorities		0.0	0.0	0.0	0.0	0.0
(a) New Service Priorities - Council Approved:						
(b) New Service Priorities - Program Initiated:						
Sub-Total New Service Priorities		0.0	0.0	0.0	0.0	0.0
Total Recommended New / Enhanced Service Priorities		0.0	0.0	0.0	0.0	0.0

2007 Recommended Service Priorities:

Enhanced Service Priorities –Council Approved

After School Recreation and Care Program

The issue of school age child care has been highlighted in the 2005-2009 Toronto Child Care Service Plan (Policy and Finance Report #5, Clause #20) and the Best Generation Yet – Toronto Vision for Children (Policy and Finance Report #7, Clause #53) considered by Council at its meetings of May 17, 18, 19, 2005 and July 19, 20, 21, 2005, respectively. Both documents commit the City to developing a strategy to support the care needs of school age children during out-of-school hours, including PD days and holidays.

At its meeting of September 28, 29 and 30, 2005, Council directed the General Manager, Children's Services to report to the Policy and Finance Committee in October, 2005, on how the care and recreation needs of school age children can be met. The report also recommended that funds from the Social Assistance Stabilization Reserve Fund (SASRF) originally allocated for the City's 20% share of the expansion of 2,000 child care spaces (included in Children's Services' 2005 Approved Budget) be re-directed to fund the development of this program. At its special meeting of November 24, 2005, Council approved funding of \$3.7 million from the SASRF, already approved in the 2005 Operating Budget, for the implementation of this program.

On July 25-27, 2006, City Council approved the After School Recreation and Care Program (Policy and Finance Report #6, Clause #31). This program was developed by Children's Services in partnership with Parks, Forestry and Recreation, (to be operated by Parks, Forestry and Recreation) to be phased in over 3 years from September 2006 to June 2009. The development phase (start up costs including toys, materials and youth leadership training) will be funded from SASRF, however, over the long term, the program is expected to meet its operating costs through parent / user fees.

The After School Recreation and Care Program Funding Implementation (over 3 years) is as follows:

Gross Expenditure	2006	2007	2008	Total	2009
Staff Support Costs	571,650	2,801,000	4,400,700	7,773,350	3,963,000
Toys, Equipment, Supplies	333,450	978,000	1,269,000	2,580,450	1,077,000
Total	905,100	3,779,000	5,669,700	10,353,800	5,040,000
Revenues					
Social Assistance Stabilization Reserve Fund	660,500	1,603,400	1,436,100	3,700,000	-
Parent Fees	244,600	2,175,600	4,233,600	6,653,800	5,040,000
Total	905,100	3,779,000	5,669,700	10,353,800	5,040,000
Net Expenditures	0.0	0.0	0.0	0.0	0.0

The 2006 expenditures of \$0.905 million were funded from the SASRF (\$0.661 million) and revenues from parent fees (\$0.245 million). With the expansion of the program in 2007, an additional funding of \$0.942 million from the SASRF is required, for a cumulative reserve funding of \$1.603 million, with the balance to be funded from parent fees of \$2.176 million.

The program, through Parks, Forestry & Recreation, will provide children and youth in the City of Toronto with the opportunity to participate in quality after-school programs to enhance their social, physical, educational and creative development. Programs will provide inclusive, culturally appropriate, flexible, high-quality, safe environments, and will be based on current knowledge of child development. The programs will also provide opportunities for youth leadership development, job readiness and volunteering.

The program was implemented in September 2006 in the 13 priority neighbourhoods. It is expected that an additional 24 sites will be added in 2007/2008 and 23 more sites in 2008/2009. By 2009, there will be a total of 60 programs serving 3,600 children in priority neighbourhoods.

Issues for Discussion

2007 Operating Budget Issues

Best Start / Provincial Funding Shortfall:

The Provincial Best Start Strategy, first announced in November 2004, is a 10-year plan designed to give Ontario's children the best start in life and to help them achieve success in school by providing a comprehensive system of services that support children from birth to transition into school. The plan is aimed at increasing licensed child care spaces, access to subsidies and improving wages of child care staff.

In 2006, the federal government announced that it will terminate its bi-lateral Early Learning and Child Care Agreement with Ontario by March 31, 2007 and, as a result, the province has announced reductions to Best Start allocations.

Children's Services received \$45.917 million representing the City's 2005/2006 Best Start allocation in 2005. Of this amount, \$13.241 million was allocated in 2006 and the balance of \$32.676 million was transferred to the Child Care Expansion Reserve Fund to be used to maintain service levels detailed in the updated Child Care Service Plan and to supplement future year allocations (approved by City Council in July 2006).

As shown in the table below, the Provincial share of the 2007 Recommended Operating Budget (based on 50 percent cost sharing for administration and 80% for program expenditures) is \$213.905 million, \$15.409 million above the 2007 Provincial base subsidy of \$198.497 million to be received by the City.

	2007 Recommended Operating Budget		
	Provincial Subsidy Required	Base Subsidy Approved	Shortfall (to be funded from CCERF)
Administration	9,773.4	9,510.7	262.7
Programs:			
LEAP	327.2	327.2	0.0
Special Needs	6,205.8	5,610.8	595.0
Family Resource Programs	1,739.8	1,765.3	(25.5)
Wage Subsidies	33,036.6	33,757.4	(720.8)
Pay Equity	3,877.5	3,877.5	0.0
Subsidized Child Care - High Level	146,138.9	134,001.7	12,137.2
Ontario Works	9,646.1	9,646.1	0.0
Sub-total	200,972.0	188,986.0	11,986.0
Best Start Capital (Phase 1 and 2)*	3,160.0		3,160.0
TOTAL	213,905.4	198,496.7	15,408.7

*To continue Phase 1 projects already underway and to implement Phase 2 priority projects such as Bergamot, Regent Park and a new Aboriginal child care centres.

To maintain current service levels, the resulting provincial funding shortfall of \$15.409 will be offset by withdrawals from the CCERF (Best Start). This reserve fund is projected to be depleted by early 2009.

Child Care Spaces:

Below is a breakdown of the number of child care spaces (with funding source) included in the 2007 Recommended Operating Budget.

Funding Source:	<u>No of Spaces</u>	
Provincial Funding	20,455	Fully cost shared by the Province
NCBS RF	260	Funding approved by City Council in 2001
Supports to Employment Program (STEP)	300	Funded as part of Ontario Works entitlement
Child Care Expansion RF	829	Provincial Funding Shortfall
Sub-total	<u>21,844</u>	
Best Start	<u>2,000</u>	Confirmed Provincial Funding for Best Start
TOTAL	<u><u>23,844</u></u>	

The Provincial shortfall of \$11.986 million (excluding Best Start Phase 1 and 2 capital projects) translates to 829 child care spaces that will not be funded once the CCERF (Best Start) is exhausted in early 2009.

Appendix 1

**Summary of Recommended Base Budget Changes
From 2006 Approved Budget**

(In \$000s)	Summary of 2007 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2008	2009
		\$	\$	\$	\$	\$
2006 Council Approved Operating Budget	967.7	415,588.9	347,021.9	68,567.0	0.0	0.0
In-year approvals and technical adjustments	0.0	(35,962.2)	(35,962.2)	0.0		
Corporate adjustments	0.0	(276.0)	0.0	(276.0)		
2006 Approved Operating Budget	967.7	379,350.7	311,059.7	68,291.0	0.0	0.0
Prior year impacts		1,120.1	(2,298.6)	3,418.7	1,615.5	1,084.7
Zero base items		(131.9)	0.0	(131.9)		
Economic factors		6,746.5	5,060.7	1,685.8	1,164.8	-
Adjusted Base Budget	967.7	387,085.4	313,821.8	73,263.6	2,780.3	1,084.7
Other base changes	(11.0)	(50,969.1)	(51,097.0)	127.9		
Base revenue changes			3,551.1	(3,551.1)		
Recommended Service Level Adjustments:						
Service efficiencies						
Revenue adjustments			495.6	(495.6)	495.6	0.0
Minor service impact		(320.0)		(320.0)	320.0	0.0
Major service impact				0.0		
Total Recommended Base Adjustments	(11.0)	(51,289.1)	(47,050.3)	(4,238.8)	815.6	0.0
2007 Recommended Base Budget	956.7	335,796.3	266,771.5	69,024.8	3,595.9	1,084.7
2007 Program Operating Target	N/A	N/A	N/A	68,291.0	0.0	0.0
% Over (Under) Program Target				1.1%	5.3%	1.59%
% Over (Under) 2006 Appvd. Budget				1.1%	5.3%	1.59%

Appendix 2

Summary of Service Level Adjustments

Appendix 3

Summary of 2007 Recommended New / Enhanced Service Priorities

Appendix 4

Inflows / Outflows to / from Reserves & Reserve Funds

Reserve / Reserve Fund Name	Reserve / Reserve Fund Number	Balance as of December 2006 \$000s	Proposed Withdrawals (-) / Contributions (+)		
			2007	2008	2009
			\$000s	\$000s	\$000s
Child Care Capital Reserve Fund	XR1103	13,416.0	(2,284.2)	(2,526.0)	(4,454.0)
	Balance by Year-end	13,416.0	11,131.8	8,605.8	4,151.8
Child Care Expansion/Pilot Project Reserve Fund	XR1101	33,468.5	(16,791.4)	(20,702.3) *	(7,802.7) **
	2006 Adjustments	11,827.9			
*Projected withdrawal includes approximately 3% inflationary increase for purchase day care services and COLA					
** Available balance to cover projected 2009 pressures of \$28.895 million					
	Balance by Year-end	45,296.4	28,505.0	7,802.7	0.0
TOTAL - RESERVES		58,712.4	39,636.8	16,408.5	4,151.8