

---

## **2010 BUDGET BRIEFING NOTE**

### **Rent Payment by Child Care Centres Operating in Schools (Revised)**

---

#### **Issue/Background:**

Since 1998, Children's Services has maintained an agreement with the four Toronto school boards to provide a subsidy of \$5.8 million (approximately \$6.50 per sq foot) to school boards to off-set the occupancy cost of child care centres and family resource centres on school property. The subsidy is used by school boards to reduce the occupancy costs to 373 child care centres and 10 family resource programs.

The proposed operating budget of the Children's Services division recommends that the agreement that supports direct payments to school boards related to child care occupancy costs be cancelled in 2010. Effective August 31, 2010, this agreement will be terminated, with a total two-year saving of \$3.225 million, (\$1.075 million in 2010, and \$2.150 million in 2011).

With cancellation of the agreements, child care programs in schools, like all other child care programs in Toronto, will assume responsibility for occupancy costs. These costs will be determined by each school board and directly paid to the board by child care programs. Once fully implemented, full-fee families (those who do not receive a fee subsidy) will likely experience a fee increase. Children's Services staff estimates this increase to be approximately \$2 per day more (5-8% increase to fees per month) based on a general calculation that considers the size and cost of space. The remaining \$2.575 million in rent supplements paid by City of Toronto to the four school boards will be redirected to the affected child care centres through their per diems resulting in no increase in fees to families receiving subsidy. This is consistent with how occupancy costs are addressed in all other child care programs in the City.

There will be no impact on family resource programs.

#### **Key Points:**

Providing rental subsidies to those child care centres located within schools is inconsistent with how all other child care programs in Toronto are supported by the City.

Children's Services can no longer cover occupancy costs for child care space in schools because of fiscal pressures related to the end of Best Start Funding, the rising cost of delivering services, and the City's current funding constraints.

This change places responsibility for managing occupancy costs on the Boards of Education and their tenants. Its implementation improves accountability and transparency in the management of limited public resources.

Subsidized parents will not be impacted as per diems will be adjusted to reflect occupancy costs. Fees for full-fee paying families will increase.

This could result in an increase in fees for parents who pay a full fee for child care. While Children's Services staff estimates that such an increase may be in the order of \$2/day, it will be the responsibility of the school boards to determine occupancy costs. Impacted child care programs in schools accommodate 21,826 licensed spaces, of which approximately 8,600 are subsidized. Those who have subsidized child care will not see an increase.

Annual fee increases paid by full-fee paying parents have increased by 2.3%-3.3% per annum from 2001 to 2010 in the non-municipal sector depending on the age group being served. Fees in the municipal sector have increased by 4.5% (4.9% for school age children) per annum over the same period

The City is prepared to work with school boards to facilitate cost effective implementation.

There are 373 child care centres in schools that will be affected as follows:

Conseil Scolaire de District Catholique Centre-Sud	4 Centres
Conseil Scolaire de District du Centre-Sud-Ouest	7 Centres
Toronto Catholic District School Board	57 Centres
Toronto District School Board	305 Centres

---

**Prepared by:** Andres Hachard, Manager, Budget & Finance, Children's Services; 416-392-3757

**Further information:** Elaine Baxter-Trahair, General Manager, Children's Services, 416-392-8134

**Date:** February 23, 2010