



The Corporation of the City of Cornwall
Regular Meeting of Council
Report

Department: Social and Housing Services
Division: Child Care
Report Number: 2019-02-Social and Housing Services
Prepared By: Stacey Fergeson, Administrator
Meeting Date: October 15, 2019
Subject: Child Care Program Funding Changes

Purpose

To provide Council with an update regarding the recently announced funding changes by the Ministry of Education (EDU) for Child Care Services.

Recommendation

That Council receive this report and refer the matter to the 2020 budget planning process.

Financial Implications

It is expected that recent child care funding announcements will have little impact on the municipal budget in 2020. Provincial changes will create fiscal challenges in 2021 and forward. The municipal share for Child Care Services is funded 70/30 between the City of Cornwall and the United Counties of SDG

Strategic Priority Implications

Background / Discussion



The City of Cornwall, as the Consolidated Municipal Service Manager (CMSM), is responsible for the delivery of Child Care and Early Years programming and services for the City and the United Counties of SDG.

Funding from the Ministry of Education supports the City's responsibility to distribute fee subsidy, special needs resource funding, wage, and operating grants as well as operating funding to the Early ON Child and Family Support Program operators. There are currently 14 operators, with 37 centres, within the child care system and 13 providers in the Home Child Care Agency. The City oversees and supports the child care system comprised of 2,808 licensed spaces (1,449 City/1,359 County). As of May 2019, there are approximately 244 vacant spaces in Cornwall and 385 vacant spaces in the Counties. Additionally, there are 87 expansion spaces approved by the Ministry of Education.

An Expansion Plan program was launched in 2017 by the Province to create 100,000 high-quality licensed child care spaces for children aged 0-4 in Ontario and, at that time, required no municipal contributions. Funding was provided to municipalities to plan for expanded spaces to meet this target and maintain over 5 years.

The following chart outlines the Provincial funding available to support Child Care Services for the City of Cornwall and the United Counties of SDG since 2014.

Year	Ministry of Education Funding						Total Ministry Funding
	General Funding			Enveloped Funding			
	Allocation	Admin	Admin %	Allocation	Admin	Admin %	
2014	6,606,892	734,099	10.0%	0	28,800		7,369,791
2015	6,966,791	774,088	10.0%	291,684	28,800	9.0%	8,061,363
2016	6,996,587	777,399	10.0%	749,916	80,437	9.7%	8,604,339
2017	6,925,165	769,463	10.0%	2,229,620	392,222	15.0%	10,316,470
2018	6,884,753	764,973	10.0%	4,849,243	599,394	11.0%	13,098,363
2019	6,769,556	752,173	10.0%	5,088,841	615,910	10.8%	13,226,480

Specifically, the Early Learning and Expansion Plan funding envelope requires continuous increases to investment in care for children up to Kindergarten age, yet the growing need in our area is in care for children older than this demographic.

While the overall Provincial allocation increased, the increase has been to enveloped funding, with declines in the general funding allocation.

The following chart shows the enveloped allocation that has been returned to the Ministry (Ministry Recovery), since the requirements for use of this enveloped funding does not match our child care system needs.

Year	Total Ministry Allocation	Ministry Recovery	Actual Ministry Funding	Total Child Care Costs	Actual Municipal Share (\$)	Actual Municipal Share (%)
2014	7,369,791	-28,567	7,341,224	7,959,261	618,037	7.8%
2015	8,061,363	-13,837	8,047,526	8,665,563	618,037	7.1%
2016	8,604,339	-68,513	8,535,826	9,153,863	618,037	6.8%
2017	10,316,470	-1,590,289	8,726,181	9,325,433	599,252	6.4%
2018	13,098,363	-1,544,495	11,553,868	12,155,164	601,296	4.9%
2019 Est.	13,226,480	-1,929,781	11,296,699	11,891,186	594,487	5.0%

In response to feedback following funding changes proposed in the Provincial Budget, the Ministry of Education has recently announced that changes to the funding structure for Expansion Plan operating funding will be phased in over a three-year period starting in January 2020.

Effective January 1, 2020: Service Managers will be asked to cost-share Expansion Plan operating funding at a rate of 80/20 provincial/municipal.

Effective January 1, 2021: Services Managers will be asked to continue cost-sharing Expansion Plan operating funding at a rate of 80/20 and be required to cost share all administrative funding at a rate of 50/50.

Effective January 1, 2022: the threshold for allowable funding that Service Managers can spend on child care will be reduced from 10% to 5% in addition to the ongoing cost sharing requirements previously introduced.

In 2019, the total estimated cost for child care is \$11,891,186. The following chart shows the relative impact to the provincial/municipal share to 2022.

Year	Total Child Care Costs	Projected Ministry Funding	Projected Municipal Share (\$)	Cumulative Increase in Municipal Share (\$)	Projected Municipal Share (%)
2019 Est.	11,891,186	11,296,699	594,487	0	5.0%
2020	11,891,186	11,296,699	594,487	0	5.0%
2021	11,891,186	10,836,364	1,054,822	460,335	8.9%
2022	11,891,186	10,575,621	1,315,565	721,078	11.1%

In order for municipalities to plan their 2020 budgets, the Ministry of Education is working on the 2020 allocations and hopes to be able to release further information to Service Managers in the Fall of 2019.

Accessibility Impact

Document Title:	Child Care Program Funding Changes - 2019-02-Social and Housing Services.docx
Attachments:	
Final Approval Date:	Oct 11, 2019

This report and all of its attachments were approved and signed as outlined below:

No Signature - Task assigned to Tracey Bailey was completed by workflow administrator Manon L. Levesque

Tracey Bailey - Oct 11, 2019 - 9:28 AM

No Signature - Task assigned to Maureen Adams was completed by workflow administrator Manon L. Levesque

Maureen Adams - Oct 11, 2019 - 9:29 AM