



REPORT TO: Co-Chairs and Members of
Public Health and Social Services Committee

SUBJECT: 2009 Child Care Funding Announcement

RECOMMENDATION

That this Committee recommend to Regional Council that the Regional Chairman be authorized to write a letter to the Honourable Diane Finley, Minister of Human Resources and Skills Development and to the Niagara Members of Federal Parliament requesting that

The federal government reinstate the \$63.5 million annual investment in child care funding made available through the Early Learning and Care Agreement terminated in 2006.

EXECUTIVE SUMMARY

- On May 12, 2009 the Ministry of Children and Youth Services (MCYS) announced \$18 million for 2010-2011 as a temporary measure to address the end of \$63.5 million federal child care funding.
- Niagara's allocation of this funding has not been confirmed nor have the conditions associated with the funding been communicated.
- New funding would be one-time and expected to be 100% provincial dollars.
- Minister Matthews reports that the \$64.5 million of federal funding represents approximately 7% of the total \$870 million annual expenditure by both the federal and provincial governments on child care of which a total of \$277 million is annual Best Start funding.

FINANCIAL IMPLICATIONS

This may result in an undetermined substantial reduction to the \$6,131,900 of annual Best Start funding that Niagara currently receives.

PURPOSE

This report has been prepared to provide information to Committee and Council of the recently announced MCYS child care funding as a temporary measure to address the end of federal child care funding under the province's Best Start initiative and a recent reduction to 2008 new funding.

BACKGROUND

Since 2005, Ontario's child care system has been supported in part, by federal funding provided to the provinces under the Early Learning and Child Care Agreement. The 2006 federal election resulted in termination of the Agreements and the loss of a large portion of the \$1.9 billion that was to have transferred to Ontario through to 2009/10. Funding from this agreement was provided by the province under the Best Start initiative introduced as a ten year strategy for children under six years of age, encompassing the integration of programs and services across ministries enabling greater access to high quality early learning and care programs to help children transition successfully to school. Child care was an important cornerstone of the Best Start strategy which lead to significant expansion of child care spaces across the province.

Children's Services currently receives just over \$6 million annually in new funding under Best Start towards wage improvements of early childhood educators, support of the 553 new child care spaces created under Best Start and fee subsidies for families in need of financial support.

REPORT

The termination of the agreements with the provinces after the 2006 federal election resulted in Ontario losing a large portion of the \$1.9 billion that was to be transferred to Ontario through to 2009/10. At that time, a one-time payment of \$254 million provided by the federal government was reallocated and provided \$63.5 million annually until March 31, 2010. This funding was 100% provincial and provided to support and to implement the province's Best Start initiative.

In 2009, Niagara receives \$6,131,900 under Best Start funding for fee subsidies, wage subsidies and wage enhancement, Best Start planning and administration associated with the expanded child care spaces. This funding also assisted Children's Services to restore cost sharing to the agreed upon levels between the province and the municipality and reduce dependency on one-time sources of revenue largely coming out of Social Assistance and Employment Opportunities. In short, it has permitted Children's Services to stabilize the entire system of child care services while undertaking considerable expansion and availability of fee subsidy for eligible families.

Although the announcement of \$18 million is welcome news, neither Niagara's allocation nor the conditions associated with the funding have been confirmed. Minister Matthews has advised in her May 12, 2009 correspondence (Appendix 1) that the ministry's regional office will be in contact in the near future to ensure that there is a clear understanding of how this funding impacts Niagara. Central to the issue is a differentiation and clarity concerning Best Start funding provided via federal transfer money under the cancelled federal-provincial agreement and Best Start funding that will be retained by the Province.

**Children's Services Best Start Funding (100% Funding)
2006-2009**

Funding Announcements	New Spaces	Funding	2007	2008	2009
2006/07	285				
Wage Improvement		\$203,643	\$203,643	\$203,643	\$203,643
Sustainability		\$2,136,590	\$2,136,590	\$2,136,590	\$2,136,590
Planning		\$59,430	\$59,430	\$59,400	\$59,400
Total 2006/07 Annual – On-going Approval		\$2,399,663	\$2,399,663	\$2,399,633	\$2,399,633
2007/08	268				
Wage Improvement		\$624,300	\$468,225	\$705,568	\$732,657
Sustainability		\$2,009,100	\$1,506,825	\$2,804,610	\$2,804,610
Sub-total 2007/08 Annual – On-going		\$2,633,400	\$1,975,050	\$3,510,178	\$3,537,267
<i>One-Time (Apr.07-Mar.09)</i>		<i>\$795,529</i>	<i>\$596,647</i>		
2008/09*					
French-Language child care spaces				\$65,425	\$195,000
Sub-total 2008/09 Annual – On-going		\$0	\$0	\$65,425	\$195,000
<i>One-Time (Sept.09-Dec.09) - French-Start-up</i>				<i>\$41,300</i>	
<i>One-Time (Apr.08-Dec.08) - Planning</i>				<i>\$12,500</i>	
Total 2007/08 Approval		\$3,428,929	\$2,571,697	\$3,629,403	\$3,732,267
Summary of All Funding	553				
Total Wage Improvement		\$827,943	\$671,868	\$909,211	\$936,300
Total Planning		\$59,430	\$59,430	\$59,400	\$59,400
Total New French-Language				\$65,425	\$195,000
Total Sustainability		\$4,145,690	\$3,643,415	\$4,941,200	\$4,941,200
<i>Add: One-time Approvals</i>		<i>\$795,529</i>	<i>\$596,647</i>	<i>\$53,800</i>	<i>\$0</i>
Total Annual Approval 100% - Best Start		\$5,828,592	\$4,971,360	\$6,029,036	\$6,131,900
Add: New Fee Subsidy – 100% Funding				\$433,650	\$526,150
Total Combined New 100% Funding		\$5,828,592	\$4,971,360	\$6,462,686	\$6,658,050

*2008/09 new funding begins April 1, 2008 for Fee Subsidy, therefore only 9 months recognized in 1st year for Fee Subsidy, and September 1, 2008 for French-Language Services, therefore 4 months of 7months.

The complexity of this issue cannot be understated since there appears to be some discrepancy between the province and CMSMs as to the actual number of spaces at risk. The reference made by Minister Matthews noting that “\$63.5 million – not all \$277 million of Best Start funding, nor the federal funding” is at stake and that the \$63.5 million “represents approximately 7% of the \$870 million spent by the federal and provincial government on child care” suggests that clarity regarding the explicit funding that is at risk for Niagara is of the utmost importance in

order to have a clear understanding on the impact to Niagara. This exact information has been requested by Children's Services of the Ministry Regional Office. No information has yet been received. Lastly, the introduction of full day learning for 4 and 5 year olds expected to start in 2010 further compounds this issue and will most likely have an associated impact that is yet to be determined.

It is also important to note that province makes it clear that the funding gap, for which the announcement of \$18 million is aimed, is a federal issue and as such, the province is urging local support to advocate to the federal government to restore the \$64.5 million. The evident political sensitivity associated with child care funding and accountability as it relates to differentiation between the present federal government and the opposition should be considered an influencing factor.

Submitted by:

Approved by:

Brian Hutchings
Commissioner, Community Services

Mike Trojan
Chief Administrative Officer

This report was prepared by Kathryn O'Hagan-Todd, Director, Children's Services with input from Lori Bell, Cost Analyst.

Appendix I Correspondence – Ministry of Children and Youth Services (May 12, 2009)

Ministry of Children
and Youth Services

Minister's Office

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Ontario

MAY 12 2009

Mr. Peter Partington
Chairman
Regional Municipality of Niagara
2201 St. David's Road
PO Box 1042
Thorold, Ontario
L2V 4T7

Dear Mr. Partington:



I'm writing to provide you with information about funds we are committing in the 2010–11 fiscal year to stabilize the child care system through the upcoming school year, and to clarify some of the misunderstanding surrounding the loss of federal funding for child care.

As you know, in 2006 the federal government terminated the Early Learning and Child Care Agreement. The final payment of \$254 million was spread out over four years—\$63.5 million per year—so that we could sustain the new child care spaces that had been created under Best Start.

It is important to note that it is that \$63.5 million—not all \$277 million of Best Start funding, nor the full federal funding—that is now at stake. This represents approximately 7 per cent of the \$870 million spent by the federal and provincial governments on child care.

The federal funding will run out on March 31, 2010. Some recent reports have suggested that all 22,000 Best Start spaces could be at risk. This figure is highly inflated. While we recognize that the loss of these funds would impact child care differently in each municipality, we estimate that up to 8,500 child care spaces are currently supported by these federal funds.

We know that many families depend on child care through the school year. That's why we are stepping in with a one-time investment of \$18 million to help families maintain their child care arrangements through the 2009–10 school year and into the summer. We are making this commitment at the launch of your 2010 budget development cycle so that you can plan for the upcoming school year.

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With this \$18 million commitment for 2010–11, we have more time to continue advocating together to the federal government on behalf of Ontario families. I have written my federal counterpart, the Honourable Diane Finley, and I will be raising this issue when I meet with her later this week. I also raised the issue, along with my provincial counterparts, with the Honourable Helena Guergis at the recent Federal-Provincial-Territorial meeting of Status of Women Ministers. I will continue to press this issue with the federal government.

In the interest of Ontario families counting on these spaces, I urge you to join me in calling on the federal government to reinstate the \$63.5 million investment.

It is also important to remember that Dr. Charles Pascal will be reporting to the Premier in the coming weeks on the best way to implement full day learning for four- and five-year-olds. The funds confirmed today will help to provide stability in the system as we begin implementation of full day learning in September 2010.

The province's commitment to early learning and child care remains strong. Please rest assured that, like you, we have no interest in seeing a reduction in the number of child care spaces or the number of subsidies.

I would like to thank you for the important role you play in delivering high quality child care to Ontario families. Working together, we've made great progress in improving access to early learning and child care services. Our government will continue to work with our partners to sustain the progress we've made so that we can provide our children with the best possible start in life, while at the same time allowing their parents to go to work.

The ministry's regional office will be in contact with your officials in the very near future to ensure that there is a clear understanding of how this funding impacts your region.

Sincerely,



Deb Matthews
Minister

c: Mr. Brian Hutchings, Commissioner, Social Services, Regional Municipality of
Niagara