

Provincial Child Care Mitigation Fund Update

Summary

During the budget process for 2015, Council had asked staff for an update on the Provincial Child Care Mitigation fund and what it has been used for thus far, along with the current balance.

Background

A new child care funding model was announced by the Ministry of Education in 2012, which took effect in the 2013 financial year. The impact for Greater Sudbury was an immediate reduction of approximately \$2,000,000. However, despite the reduction, the City was still seen as being overfunded by the Ministry's new formula by \$2,640,094 as of 2015, thus creating a future funding risk.

As part of the adjustment process to a new funding formula the Ministry of Education provided those Municipalities that had a reduction in funding with mitigation funds, to allow them to adjust local policies to the new formula. Greater Sudbury received \$6,676,180 in mitigation funds at that time and brought policy changes to Council in order to mitigate the impact of the changes. Two policies of significance were passed during that 2013 fiscal year including; the limiting of subsidy to children up to ten year olds along with a reduction in the Early Development School Readiness program to part time enrollment. Both policy changes involved "grand parenting" of existing children in the system and therefore the mitigation fund was used in 2013 to deal with these changes. Mitigation funds have also been used in 2015 to fund costs associated with the closure of Junior Citizens.

Fund Balances – Mitigation Reserve

Ministry of Education funding – received February 2013	\$6,676,181.00
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**Interest Earned:	2013	117,222.22	
	2014	150,842.30	
To August	2015	<u>46,598.17</u>	314,662.69

2013 Policy Changes	(476,849.00)
2015 JCDC Closure - Projected	(112,990.00)

Fund Balance 2015 - Projected	\$6,401,004.69
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**Note: As per P6M recommendations, future interest will be used to offset City's mandated cost sharing with province thus producing levy savings.

Next Steps

Children Services is continuing to work with Ministry representatives to monitor the future risk of \$2,640,094 that has been identified. As per the system review plan that was presented to the Community Services Committee in 2014, mitigation funds will be used to transition the child care system, should the future risk be removed by the Ministry in future years. Thus far, there is no committed time frame to remove these dollars.