

For Information Only

Provincial Childcare Funding Formula and Local Impact

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Recommendation

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Finance Implications

For 2013, there is no tax levy impact as any Children Services budget shortfall related to the change in Provincial funding formula can be funded from the mitigation funding received. Currently there is \$6.7 Million of mitigation funding in reserve.

Background

At the February 4th Community Services meeting, staff brought forward an information report with an overview of changes to the Provincial funding formula for Children Services. The report gave an overview of the changes to the formula and identified an initial \$1.75 Million dollar reduction in Provincial grants for 2013.

Local Impact

Since the Feb 4th meeting, staff have reviewed the overall impact and have determined the total local impact to be \$2,258,477, including the municipal contribution. However, given that Children Services at the City had a surplus in provincial funding on a yearly basis, the net impact for 2013 is \$1,079,907. This reduction which was announced in December 2012 is effective for the 2013 budget year. The Ministry of Education has identified 2013 as a transition year and has given those Municipalities that have had a reduction, mitigation funding. CGS will be receiving \$6,676,180 in mitigation funding for transitional purposes, although these dollars can also be reserved indefinitely for Children Services.

This information comes at a time in which Council is deliberating on the future of Junior Citizens Daycare. This issue will now become more complex as the children services budget as a whole will have net reductions of \$1,079,907 for 2013.

Identified Risk

The funding formula change to a population based formula has led to some large shifts in provincial funding. The Ministry has applied a “capping” mechanism as another mitigation strategy. The capping

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mechanism essentially limits the gain or loss to a Municipality to +/- 10% of the change in the formula. Therefore, the new formula identifies that CGS should have lost an additional \$4,649,487 for the same time period. The City will however continue to receive these dollars for the time being, with no assurances being made regarding the future of these dollars. The Ministry has been very public in stating that with the Mitigation funding taken into account, it ensures that no service manager will see a reduction in the total allocation for 4 years.

The overall net impact is therefore further impacted by an identified risk of \$4,649,487 plus the actual loss of \$1,079,907.

Local Planning

Staff have begun an engagement process with the local childcare community on March 28th. This session enabled providers to identify the top priorities of the childcare community so that staff can then bring recommendations back to the Community Services Committee and Council in June.

Illustrated below is a summary of the allocations and expenditures for the Children Services budget which identifies the funding gap.

Table # 1 – Funding

Funding Type	Amount
Total 2012 Allocation	\$20,320,829
Total 2012 Expenditures	\$19,142,519
Total 2013 Allocation	\$18,062,352
Total Loss	\$ 2,258,477
Net Loss	\$ 1,079,907