

Request for Decision

2021 Provincial Child Care Administration Funding Reduction

Presented To: Community Services Committee

Presented: Monday, Nov 16, 2020

Report Date Thursday, Oct 29, 2020

Type: Managers' Reports

Resolution

THAT the City of Greater Sudbury approves the utilization of the Children Services Reserve to offset the projected provincial child care administration funding reduction for the 2021 budget year, as outlined in the report entitled "2021 Provincial Child Care Administration Funding Reduction", from the General Manager of Community Development, presented at the Community Services Committee meeting on November 16, 2020.

Relationship to the Strategic Plan / Health Impact Assessment

This report is related to the Quality of Life and Place Pillar. It recommends accessing a reserve fund to ensure that services designed to improve the health and wellbeing of youth, families, and seniors are not restricted as a result of provincial funding reductions.

Report Summary

This report outlines the impact of provincial funding changes to the Children Services budget in 2020, 2021, and 2022. A reduction in the administration funding is scheduled for 2021 and 2022, while a reduction in expansion funding was introduced in 2020. Council previously approved the use of the historical mitigation reserve to cover anticipated shortfalls in 2020 as part of the budget process, however the COVID-19 pandemic resulted in the closure of child care programs for several months and therefore staff do not expect to require funding support from the Children Services Reserve fund for 2020. While the 2021 budget process has identified some cost savings applied to reduce the overall administration budget, there remains an unfunded balance. This report recommends the use of the mitigation reserve fund for one-time funding to reduce the municipal impact in 2021.

Signed By

Report Prepared By

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Health Impact Review

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Manager Review

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Division Review

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Director of Social Services
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Financial Implications

Steve Facey
Manager of Financial Planning & Budgeting
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Recommended by the Department

Steve Jacques
General Manager of Community Development
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Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
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Financial Implications

The financial impact of the 2021 provincial administration funding reductions to Children Services could be mitigated through the use of the Children Services Reserve Fund. The fund has a total balance of \$6.3 million. If approved, a draw from the Reserve Fund could be used to cover any anticipated shortfall for the 2021 budget. This draw is approximately \$290,000.

2021 Provincial Child Care Funding Reduction Impact

Background

On April 18, 2019, the Ministry of Education released the Child Care and Early Years allocations for 2019 and announced a new requirement for municipal cost-sharing of provincial child care expansion funding and administration funding to be implemented from 2020 to 2022. As part of the 2020 budget process, Council approved the use of the Children Services Reserve fund to offset the related funding shortfall for 2020 to allow staff time to provide options for service level reductions to deal with the funding loss.

A report was provided to the Community Services Committee on March 2, 2020 and Council approved a reduction of \$750,000 to child care subsidies for the discretionary Early Development and School Readiness (EDSR) Program to deal with the impact of the reduction in expansion funding. Approval was also given for an annual spending cap on this program in future years. The Children Services reserve fund was intended to cover the costs of existing children in the program, which would allow the program to adjust naturally to the new cap through attrition of children. While the Children Services Reserve Fund was approved to be used to cover an anticipated shortfall in 2020, the COVID-19 pandemic resulted in the closure of child care programs for several months. As a result, staff do not expect to require funding support from the Children Services Reserve fund for 2020.

This report provides a recommendation to deal with the second part of the funding reduction in the area of administration, which is set to be implemented over the next two budget years in 2021 and 2022.

Local Impact

Through the 2020 and 2021 municipal budget processes, the Children Services Section has carefully reviewed all administrative expenditures and has implemented some reductions and reallocations where appropriate to reduce the overall administrative budget. With the amalgamation of Children Services and Social Services into one division, costs were reviewed and in some cases reallocated within the Social Services provincial service contract. Further changes are anticipated as a result of a review of the divisional structure. At this time every effort has been taken to limit the impact of this funding change, without affecting service levels.

For the 2021 budget year, there remains an unfunded balance of \$290,855 in excess of available provincial funding and historical municipal tax levy. The current projection for 2022 has a total impact of \$490,786 as the final impact if the funding reduction phase in is implemented.

Funding Option

The 2021 Children Services budget is being prepared with the option to fund this shortfall through the Children Services Reserve, as there is no longer an anticipated need to fund any 2020 shortfalls from this reserve. The Children and Social Services Division is currently reviewing service levels and its organizational structure that may provide further opportunity for cost reductions in future years. Due to the COVID-19 pandemic, Child Care Service System Managers across the province have requested an extension and re-evaluation of the

administrative funding formula change from the Ministry of Education, although there is presently no indication that the Province will revise this decision.

The reserve fund has an approximate value of \$6.3 million and was intended to deal with the transition of provincial funding reductions in cases such as this.

Next Steps

Service System Managers from across the Province will continue to advocate to the Province for a review and reconsideration of the implementation of provincial funding changes planned for 2021 and 2022, due to the impact of the COVID-19 pandemic and the increased burden of administrative oversight of managing local child care systems.

Options for administrative funding requirements beyond 2021 will need to include consideration of service level impacts post-COVID. Staff will present these service level considerations in 2021 once all other options for responding to the provincial funding reductions have been exhausted.

Resources

2020 Provincial Child Care Funding Reduction Impact Report dated February 14, 2020, presented to the Community Services Committee on March 2, 2020:

<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=1496&itemid=18376&lang=en>