

For Information

DATE: September 1, 2009

REPORT TITLE: **BEST START PROVINCIAL FUNDING STATUS UPDATE**

FROM: Janet Menard, Commissioner of Human Services

OBJECTIVE

To update Council on the recent Provincial announcement of Best Start funding decrease.

REPORT HIGHLIGHTS

- The Federal government's Best Start funding of \$63.5 million will end March 31, 2010. Peel's portion is \$4,067,619.
- The Ministry of Children and Youth Services has announced the one time bridge funding of \$18 million to assist municipalities to cope with the funding loss between April and June 2010. Peel's portion is \$1,153,026, see Appendix I.
- The net Best Start subsidy funding loss for Peel of \$2,914,593 in the 12 months, effective April 1, 2010, represents a 15 per cent funding reduction.
- The subsidy reduction represents a decrease of approximately 320 subsidized child care spaces.
- Staff will deal with the 2010 funding shortfall as part of the 2010 budget process.

DISCUSSION**1. Background**

The Ministry of Children and Youth Services (MCYS) announced the Best Start child care program in July, 2005. Best Start focuses on creating and sustaining child care spaces for 4 and 5 year olds. The funding for the Best Start program was based on the five year, \$5 billion, Canada Ontario Early Learning and Care agreement. Ontario's portion was \$1.9 billion over the five year period.

The change in government during the 2006 federal election resulted in the termination of the agreement. Subsequently, the federal government transferred \$254 million to Ontario as a one time transfer. Ontario, rather than flow the entire \$254 million in one year, elected to divide the \$254 million into four equal sums (\$63.5 million per year) over 2006-2010 in order to stabilize the child care service levels while they continued to work with the federal government to reinstate its investments in early learning and child care. The available federal funding of \$63.5 million will end March 31, 2010.

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2. Findings

On August 10, 2009, MCYS announced that Peel's share of this funding loss will be \$4,067,619.

To assist municipalities to cope with the funding loss, the MCYS announced one time, \$18 million bridge funding to address the end of \$63.5 million in federal child care funding. Peel's allocation from the bridge funding is \$1,153,026, subject to legislative approval. Therefore, the net funding loss for Peel from April, 2010 to March, 2011 is \$2,914,593. This represents a loss of approximately \$2.2 million for 2010.

Prior to the current announcement, the current Children's Services' budget includes \$19.3 million (27 per cent of gross budget) of program expenditures, 100 per cent funded by the Best Start subsidy. With the funding reduction, for period from April, 2010 to March, 2011, the annualized Best Start funding will be \$16.4 million, representing a 15 per cent funding reduction.

This analysis assumes continuation of the current Children's Services base budget, which has yet to be confirmed.

3. Service Level Impact

A net Best Start subsidy reduction of \$2,914,593 would have a significant community-wide child care service level impact resulting in the reduction of approximately 320 subsidized child care spaces. In this current economically challenged environment, reduction of subsidized child care spaces is not a desirable option for Peel and for the many Human Services clients who will need to rely on subsidized child care as they seek re-employment.

A funding phase-out would also result in a significant increase in the number of children on the wait list. Presently there are 3,288 children waiting for Fee Subsidy and the list is increasing by 250 new children per month. Due to the funding reduction and service cuts the community faces the real possibility of neighbourhood child care centre closures which will result in further economic fallout.

FINANCIAL IMPLICATIONS

With consideration to minimizing service level impacts, or this funding reduction of \$2,914,593, staff will make recommendations as part of the 2010 tax supported budget process.

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CONCLUSION

Despite a significant one time provincial stabilization investment to mitigate impacts of the federal withdrawal of Best Start funding, the recently announced net Best Start subsidy reduction for 2010-2011 of \$2,914,593 would represent a reduction of approximately 320 subsidized child care spaces. In the current economically challenged climate, investments in early learning and child care programs are critical and a reduction will have a significant and detrimental impact on Peel families.



Janet Menard
Commissioner of Human Services

Approved for Submission:



for _____
D. Szwarc, Chief Administrative Officer

*For further information regarding this report, please contact
Lorna Reid at extension 7242 or via email at lorna.reid@peelregion.ca*

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c. Legislative Services
Manager, Financial Support Unit (FSU)



APPENDIX I

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Ministry of Children and
Youth Services

Ministère des Services à l'enfance
et à la jeunesse



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August 10, 2009

MEMORANDUM TO: Janet Menard, Commissioner
Regional Municipality of Peel

FROM: Vince Tedesco
Regional Director

SUBJECT: Child Care – One-Time Investment of \$18 Million in 2010-11

In order to support your Council in planning for the upcoming fiscal year and further to Minister Matthews' letter of May 12, 2009 and the subsequent announcement by the Premier, this memo provides you with details on your notional portion of the one-time provincial investment of \$18 million to stabilize child care as a result of a \$63.5 million shortfall in federal funding beginning in 2010-11.

This provincial investment is intended to help municipalities plan and maintain child care spaces throughout the 2009-10 school year, providing stability for families. It also provides continuity in municipal funding (into the first quarter of the next provincial fiscal year) as the Minister continues to engage the federal government to reinstate its investments in early learning and child care and find long-term solutions to this funding shortfall.

As a result of the federal funding shortfall, your municipality would lose \$4,067,619 on an ongoing basis from your Early Learning and Child Development Operating Grant. However, the one-time provincial investment of \$18 million reduces the amount of funding at risk in 2010-11 by providing continuity in Early Learning and Child Development Grant funding through the 2009-10 school year. Based on your share of the \$18 million investment, your notional one-time allocation for the second municipal quarter of 2010 (April to June) is \$1,153,026 (subject to legislative approval).

If you have any questions regarding this funding, please contact Joanne Athan, Program Supervisor at 905-567-7177 ext. 265.

Vince Tedesco

c: Sonia Pace, Director, Children's Services, Operations Division
Lorna Reid, Director, Early Learning Services