
DATE: July 2, 2009

REPORT TITLE: **BEST START IN YEAR FUNDING REQUIREMENT**

FROM: Janet Menard, Commissioner of Human Services
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RECOMMENDATION

That \$2 million be withdrawn from Best Start Reserve (R1258) to sustain fee subsidy for approximately 250 children.

REPORT HIGHLIGHTS

- The Ministry of Children and Youth Services (MCYS) announced an increase in fiscal subsidy of \$2.6 million in 2008.
- In the fall of 2008, MCYS advised that fiscal flexibility would end.
- \$2 million of unused Provincial fiscal subsidy was transferred to Best Start Reserve (R1258) as part of year end surplus management.
- Children approved for fee subsidy late in 2008 must be provided fee subsidy throughout 2009.
- The number of children provided fee subsidy is estimated to be 7,850 vs. budget of 7,600.
- The additional cost for 250 fee subsidy children will need to be funded in 2009.
- Staff recommends that \$2 million that was transferred to Best Start Reserve R1258, to address the change in financial flexibility, be used to fund the additional cost.

DISCUSSION

1. Background

In July 2008, the Ministry of Children and Youth Services (MCYS) announced an increase in fiscal Best Start subsidy of \$2.6 million to increase the service levels for wage improvement and fee subsidy. Because it takes several months to ramp up service, the provincial practice has been to allow municipalities to defer unused subsidy to the next year. In September, 2008, MCYS communicated a directive advising that deferral of any unused in year increase in subsidy will no longer be allowed. Any in year unused subsidy will be clawed back.

As the result of the change in subsidy deferral directive, staff recommended that the additional fiscal subsidy be used to decrease the 2008 subsidy shortfall. This would result in unanticipated year end surplus for Children's Services. Staff recommended that the 2008 year end surplus be transferred to Regional Best Start Reserve (R1258). Council approved the recommendation (2008-1299). As the result, \$2.0 million was transferred to Best Start Reserve as part of 2008 year end surplus management. The transfer of the unspent funds to Reserve will allow financial flexibility to fully expend the Provincial subsidy

July 2, 2009

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BEST START IN YEAR FUNDING REQUIREMENT

over two fiscal periods (2008-2009) which will assist in stabilizing the fee subsidy service levels.

2. Findings

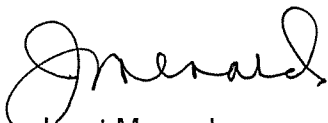
Various challenges are experienced in increasing child care service levels sufficiently enough to fully expend any in year funding within the current fiscal year due to the time required to place children. The approval of child care fee subsidy and the actual start date of child care occurs within a three month time frame for parents to find a vacant suitable child care space. For example, children approved for fee subsidy in December 2008 have a commitment from the Region for their approved subsidy to commence within the first quarter of 2009. The children's fee subsidy must be maintained throughout 2009. As the result, the number of children provided fee subsidy for 2009 is expected to be approximately 7,850 vs. budgeted service level of 7,600 children.

FINANCIAL IMPLICATIONS

The cost to sustain fee subsidy for 250 children will need to be funded for 2009. As stated, \$2 million of 2008 year end surplus created from unused Provincial subsidy was transferred to Best Start Reserve (R1258) in 2008 for this purpose. Staff recommends withdrawal of \$2 million to fund the subsidy cost for 2009 for the children who were admitted in response to in year funding in 2008.

CONCLUSION

The 2008 transfer of \$2 million unspent Provincial subsidy to internal Reserve will allow financial flexibility to fully expend the Provincial subsidy which will assist in stabilizing the fee subsidy service levels in current economic downturn environment. The additional 250 children can be sustained in subsidized child care in 2009.



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