
Subject: Child Care and Early Years 2023 Operating Budget Adjustment

Report to: Public Health and Social Services Committee

Report date: Tuesday, August 8, 2023

Recommendations

1. That a gross operating budget adjustment in the amount of \$6,232,181 gross and \$0 net, to be fully funded through the Ministry of Education (MEDU), **BE APPROVED** to support the Canada Wide Early Learning and Child Care (CWELCC) Expansion Plan and the stability of Niagara's child care and EarlyON system; and
2. That the addition of two (2) new permanent full-time Reporting Analyst positions in Children's Services, funded using the new approved MEDU funding, **BE APPROVED**.

Key Facts

- The purpose of this report is to inform Council of the 2023 funding announcement received from the MEDU for Children's Services and obtain approval of the related budget adjustment. An in-year receipt of funding must comply with by-law 2017-63, Budget Control, items 6.6(a) and 6.6(b), requiring Council's approval for any amounts received in excess of \$1 million for operating programs.
- On May 24, 2023, MEDU announced a revised child care funding allocation for Niagara Region of \$91.7M for 2023, an increase of \$3.6M over the previous MEDU funding agreement of \$88.1M. This increase is attributed to the CWELCC program connected to the expansion plan as noted in Report COM 19-2023, Canada-Wide Early Learning Child Care Expansion Update.
- Children's Services staff have confirmed with MEDU that Niagara Region's CWELCC funding allocation is not entirely reflective of all the actual spaces enrolled in CWELCC.
- MEDU has committed to work with Niagara Region on any funding shortfalls and has committed to ensure future allocations are corrected. Any future budget adjustments will be reported to Regional Council.
- In addition, \$2.2M of MEDU One-Time Transitional Grant and \$0.4M Child Care and Early Years Workforce, funding is being carried over from the prior year to 2023 as permitted by MEDU. This results in MEDU funding for 2023 of \$6.2M over the initial

allocation presented in Report COM 4-2023, for which a budget adjustment is required.

- The CWELCC and CWELCC expansion has created additional work, reporting and accountability. MEDU has acknowledged the administration burden and has increased Niagara’s CWELCC administration funding to \$0.68M. The proposed additional of the two (2) positions, which only use a portion of this funding, will be critical in carrying out the obligations of the CWELCC and CWELCC expansion objectives.

Financial Considerations

The recommended budget adjustment of \$6.2M, consists of a base operating funding increase of \$3.6M, which includes \$2.2M to support start up grants for new spaces along with \$1.5M of operating funding for expansion spaces. A carry over of 2022 MEDU grants of \$2.6M, as permitted by the MEDU, balance out the remaining budget adjustment. These are 100% MEDU funding dollars with no expectation for municipal cost share contributions. The revised 2023 Children’s Services budget is summarized in the table below:

	2023 Regional Budget per COM 4-2023	2023 MEDU Budget Adjustment	Revised 2023 Regional Budget
2023 MEDU Funding	\$88.1M	\$6.2M	\$94.3M
2023 Gross Expenses	\$94.7M	\$6.2M	\$100.9M
2023 Niagara Region Levy	\$6.6M	\$0	\$6.6M

Children’s Service will invest the additional funding into the delivery of early years and child care services as per MEDU direction. Any variance will continue to be reported to Regional Council as part of the quarterly reporting updates. Any unspent funding at year-end is subject to recovery by MEDU.

The annual estimated cost of the two (2) permanent Reporting Analyst positions is \$0.2M inclusive of all benefits. These costs are 100% funded by the MEDU CWELCC administration funding, with no impact to regional levy.

Analysis

1. Budget Adjustments

In Spring 2023, the MEDU provided Niagara Region with an updated funding allocation (\$3.6M), based on the new expansion targets for the CWELCC system as noted in Report COM 19-2023, Canada-Wide Early Learning Child Care Expansion Plan.

Children's Services has confirmed with MEDU that funding for 152 licensed child care spaces already enrolled in the CWELCC system was omitted in Niagara Region's funding allocation. The MEDU has committed to support Niagara Region with any shortfalls in funding as a result of this omission and has committed to correct the allocation moving forward. Children's Services will work closely with MEDU to ensure any funding pressures, as a result of this omission, are mitigated without any impact to regional levy.

The one-time transitional grant funding of \$2.2M was announced for Niagara Region in 2022. This funding is intended to support the provision of child care programs and services based on the MEDU guidelines. The \$0.4M Child Care and Early Years Workforce funding is to be utilized to support the retention and recruitment of a high-quality child care and early years workforce. When this funding was announced, it was recognized that Niagara Region may not be able to effectively use all funds in 2022 and the funding could be carried forward to the following year for the same purpose. This funding was not incorporated into the Region's approved 2023 Budget as at that time further clarification was required from MEDU for carrying this funding over.

2. Start-up Grants

As noted in Report COM 19-2023, Canada-Wide Early Learning Child Care Expansion Update, Niagara Region has been allocated (4,067) new CWELCC child care spaces (382 school-based and 3,685 community-based) to be developed by 2026.

To support the development of community-based spaces in priority communities that service vulnerable children and children from diverse populations, MEDU is providing Start-up Grant funding at \$90 per square foot for a new or expanded space, with a cap of \$350,000 for every 50 spaces created.

While the MEDU has delegated the administration of the start-up grants to the service system manager, the MEDU has established clear guidelines for granting the funding including:

- Child care centres and licensed home agencies must apply for the grant;
- Niagara Region's Children's Services must establish a process that captures details on how the projects will improve access for vulnerable communities and children from diverse populations;
- Completion date for the project must be provided and this date must be within 2 years of the application;
- Expansion spaces must maintain an auspice ratio of 81 percent not-for-profit and 19% for profit;
- Growth spaces have to align with the previously determined priority neighbourhoods; and
- Niagara Region Children's Services should consider additional factors in approving applications, including:
 - o Cost effectiveness;
 - o Program budget and financial history;
 - o Long-term viability;
 - o Child care licensing history; and
 - o Investment in quality programming.

Applications for start-up grants will be reviewed and awarded in accordance with provincial guidelines.

3. Administration Support

As referenced in Report COM 19-2023, Canada-Wide Early Learning Child Care Expansion Plan, the CWELCC system and the new CWELCC expansion plan have introduced a number of new reporting and additional administration and accountability responsibilities for Niagara Region's Children's Services. Some examples of these additional responsibilities include reporting on expansion targets, review of agency budgets and expenditures, and review and administration of expansion applications and start-up grants.

The CWELCC system and CWELCC expansion plan provides administration funding to support the additional provincial reporting, administration, and accountability requirements. As a result, two (2) full time permanent Reporting Analyst positions are being requested to support the ongoing implementation and reporting of CWELCC and the CWELCC expansion plan.

Alternatives Reviewed

Should the budget adjustment not be approved, the unspent funds would have to be returned to the provincial government, resulting in less funding to the local licensed child care system.

Should the start-up grant not be awarded, the new expansion targets for the CWELCC system as noted in Report COM 19-2023, Canada-Wide Early Learning Child Care Expansion Plan will likely not be realized and any unspent funding will be returned to the provincial government.

Without the two (2) additional staff, Niagara Region may be at risk of not meeting provincial reporting and accountability requirements for CWELCC.

Relationship to Council Strategic Priorities

The provision of accessible and quality early learning programs and services supports Council's focus on Supporting Businesses and Economic Growth.

Other Pertinent Reports

COM 4-2023 2023 Child Care and Early Years 2023 Operating Budget Adjustment

COM 19-2023 Canada-Wide Early Learning Child Care Expansion Plan

Prepared by:

Satinder Klair
Director, Children's Services
Community Services

Recommended by:

Adrienne Jugley, MSW, RSW, CHE
Commissioner
Community Service

Submitted by:

Ron Tripp, P.Eng.
Chief Administrative Officer

This report was prepared in consultation with John Pickles, Program Financial Specialist, Amanda Fyfe, (Acting) Manager Reporting & Analysis, Kayla Jourdan, Manager, Systems Planning and Evaluation