
Subject: Budget Adjustment – Children’s Services

Report to: Public Health and Social Services Committee

Report date: Tuesday, July 9, 2019

Recommendations

That an adjustment to the previously adopted 2019 Regional Municipality of Niagara (Niagara Region) operating budget in the amount of \$2,293,053, to be fully funded through the Ministry of Education (MEDU) grants, **BE APPROVED**.

Key Facts

- The purpose of this report is to inform Council of the in-year funding announcement received from the MEDU for Children’s Services and obtain approval of the related budget adjustment. 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.
- In 2018 Children’s Services prepared their 2019 budget with a conservative approach to the MEDU funding amounts due to anticipated funding reductions. Children’s Services removed Fee Stabilization and Indigenous-led Child Care and Child and Family Programs funding from their 2019 Budget, as it was understood that they were time-limited grants. Estimates of all other funding amounts budgeted remained the same as the 2018 MEDU actual funding, for a total of \$41,770,048.
- On April 18, 2019, a preliminary funding announcement was made by MEDU to the Region for \$40,519,596, in comparison to the estimated amount included in the 2019 Niagara Region operating budget of \$41,770,048. This resulted in an anticipated \$1,250,452 decrease in funding. Similar decreases across Ontario, and anticipated increased cost share requirements, received significant push back from the municipalities.
- On June 7, 2019, MEDU announced a final revised child care funding amount of \$44,063,101 for 2019. This increase is attributable to mainly one-time grants, specific to support child care expansion, fee stabilization and Indigenous-led child care and child and family programs. This results in funding of \$2,293,053 over the initial budgeted estimate of \$41,770,048 for which a budget adjustment is required.

Financial Considerations

MEDU recently confirmed the 2019 funding allocation for Niagara Region in early June 2019. This amount is now comparable to what was provided to Niagara Region in 2018, with a slight increase of \$65,893 or 0.2%. The following table depicts the approved 2019 MEDU funding announcements compared to the funding originally budgeted for as part

of the approved 2019 Niagara Region operating budget (as well as what was originally announced in April 2019):

2019 Child Care Service Agreement	April 18, 2019 MEDU Funding Announcement (for information)	2019 Regional Budget for MEDU Funding	June 7, 2019 MEDU Funding Agreement	Budget Adjustment Required
Total Operating Allocation	\$ 27,233,653	\$28,483,419	\$28,385,468	(\$97,751)
Other Allocations				
Wage Enhancement	4,804,924	4,811,525	4,898,801	87,276
Small Waterworks		591	791	200
Fee Stabilization Support	298,700	-	298,700	298,700
Expansion Plan and Early Learning Child Care (ELCC) Funding	7,706,219	8,055,338	8,971,150	915,812
Base Funding for Licensed Home Child Care (LHCC)	476,100	419,175	476,100	56,925
Indigenous-led Child Care and Child and Family Programs			1,032,091	1,032,091
Total Other Allocation	13,285,943	13,286,629	15,677,633	2,391,004
Total 2019 Child Care Allocation	\$ 40,519,596	\$41,770,048	\$44,063,101	\$2,293,053

Analysis

This item is being brought to committee in compliance with by-law 2017-63, Budget Control, requiring Council approval for budget adjustments in excess of \$1 million.

The funding grants received in addition to those originally budgeted for in the 2019 Niagara Region operating budget will be invested in their respective program areas in accordance to provincial funding guidelines. There are no levy impacts for this budget adjustment for 2019. Further information of the funding types referred to in the previous table are detailed below:

2019 Child Care Service Agreement

Total Operating Allocation - The Total Operating Allocation includes administration dollars for the planning and management of the licensed child care and early years' service system, and core service delivery of; subsidized child care for families in need, supports for children with special needs within licensed child care programs; and funds to support the costs of operating licensed child care programs in order to reduce wait

times and fees for services, stabilize service levels, and improve access to high quality affordable early learning and child care services for children and their families.

Wage Enhancement Grant/Home Child Care Enhancement Grant - The Wage Enhancement Grant / Home Child Care Enhancement Grant is 100% funded by the MEDU to increase staff wages in the licensed child care sector (no cost sharing is required).

Expansion Plan and Early Learning Child Care Funding – The purpose of the funding is to support parents, families and communities in their efforts to ensure the best possible future for their children. This funding provides investments in early learning and child care to increase quality, accessibility, affordability, flexibility, and inclusivity, with prioritization for children aged 0-6 years old. The expansion funding will assist in supporting increased access to licensed child care for children aged 0-4 years. The funding includes ongoing support to the first two years of the expansion plan, in addition to operating funding to support school-based capital spaces that have opened through the expansion plan and tied to specific expansion targets.

Fee Stabilization Support - The Fee Stabilization Support funding was a one-time transition allocation to mitigate increases to parent fees as a result of the increase to the minimum wage requirement in 2018. It was anticipated that this would only be one-time funding and therefore not budgeted in 2019. The current allocation has been provided for the period of January to March 2019. As of March 31, 2019, this funding commitment from MEDU has ended.

Base Funding for Licensed Home Child Care – This funding has been provided to support a base funding model for licensed home child care agencies, of which Niagara Region is the larger of two local licensed agencies that oversee home child care sites in Niagara. The base funding is intended to provide stable, predictable funding to assist licensed home child care agencies with forecasting, planning, and actively recruiting more providers.

Indigenous-led Child Care and Child and Family Programs – These programs, formerly known as *The Journey Together*, seek to increase the number of culturally relevant and Indigenous-led licensed child care spaces and expand access to child and family programs for Indigenous children and families off reserves.

Alternatives Reviewed

No alternatives were reviewed, as the funding must be spent in accordance with MEDU requirements.

Relationship to Council Strategic Priorities

Not applicable.

Other Pertinent Reports

- COM 05-2017 Wage Enhancement Grant
- COM 24-2017 Licensed Child Care Expansion Plan
- COM 05-2018 2018 Journey Together Funding.

Prepared by:

John Pickles, CPA, CA
Program Financial Specialist
Enterprise Resource Management
Services

Recommended by:

Adrienne Jugley, MSW, RSW, CHE
Commissioner
Community Services

Submitted by:

Ron Tripp, P.Eng.
Acting Chief Administrative Officer

This report was prepared in consultation with Sandra Noël, Manager, Children's Services, Lori Bell, Manager, Children's Services and Donovan D'Amboise, Manager, Program Financial Support.