



City of  
**Peterborough**

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**To:** Members of the Joint Services Steering Committee

**From:** Ken Doherty, Director of Community Services

**Meeting Date:** March 12, 2015

**Subject:** Report CSSSJSSC15-002 - Increased Provincial Funding for Child Care

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## **Purpose**

A report to provide an update on increased provincial funding for child care in 2015.

## **Recommendation**

That the Joint Services Steering Committee endorse the recommendation outlined in Report CSSSJSSC15-002 dated March 12, 2015, of the Director of Community Services, as follows:

That Report CSSSJSSC15-002, on increased funding for Child Care be received for information.

## **Budget and Financial Implications**

There are no financial implications to the City or County. All new funds are 100% provincial funding and has been accepted by the Chief Administrative Officer, as authorized by the City of Peterborough Purchasing By-law 14-127, section 10.1.3. Appendix A shows the revised Municipal budget for Children's Services and how the new funds have been allocated.

## Background

In January, the Ministry of Education confirmed the City of Peterborough's 2015 child care funding allocation. This year's allocation included increased investments in child care in three categories:

- \$349,141 in 100% funding was allocated through the existing child care funding formula to support core expenditures for child care operators;
- \$709,326 in 100% funding was allocated to support a wage enhancement of \$1/hour plus benefits in total compensation for Registered Early Childhood Educators (RECE) and other program staff working in the licensed child care sector;
- \$70,933 in one-time 100% funding was allocated to support the administrative costs associated with implementing the wage enhancement grant.

### Child Care Funding Formula Allocations

The 2015 child care allocation was determined by the provincial funding formula that was implemented in 2013. The formula is based on current demographic and population data. The annual update of various data elements within the funding formula has resulted in an increase of funding for the City of Peterborough. Funding provided through this allocation is to support existing services including:

- fee subsidy for parents who qualify,
- general operating grants to child care operators in the city and county that the City has a purchase of service agreement with, and
- special needs resourcing that Five Counties Children's Centre administers to allow children with special needs to be included in child care programs.

The City will use existing current business guidelines to determine specific allocations to each service provider.

### Wage Enhancement

In 2014, the provincial government also announced an investment of \$269 million over three years to support a wage enhancement in the licensed child care sector.

This initiative has three key goals:

- To close the wage gap between Registered Early Childhood Educators (RECE) working in the publicly funded education system and those in the licensed child care sector;
- To help stabilize child care operators by supporting their ability to retain RECE's and non-RECE program staff; and
- To reduce poverty by supporting greater employment and income security.

In order to meet these goals, the wage enhancement is intended to be an ongoing investment. In 2015, the investment will support an increase of \$1/hour, plus 17.5% for benefits for RECE's in licensed child care centres and up to \$10 per day for home child care providers. In 2016, there will be an additional provincial investment to support another \$1/hour, plus benefits for child care program staff and \$10 per day for licensed home child care providers.

Wage enhancement funding is available to eligible child care program staff working in all licensed child care centres as well as licensed Private Home Day Care home visitors and providers employed as of January 1, 2015. Non-program staff such as cooks and custodial staff are only eligible if a portion of their day is spent working directly with the children. In these circumstances, they can be eligible for a prorated amount of the wage enhancement. The ministry has established an hourly wage cap of \$26.27/hour for child care staff and an equivalent amount for private home day care operators. Staff earning over this amount are not eligible to receive a wage enhancement. This wage cap is in line with the top of the existing school board Educator Salary Matrix for RECE's working in full day kindergarten. The average hourly rate of RECEs working in licensed programs is currently \$16.44/hour, based on a recent wage survey of operators, although this may change once all eligible operators apply for the wage enhancement.

The municipality is required to provide wage enhancement funding to all licensed child care operators with eligible staff who apply for the funding. Staff will have to enter into new funding agreements for the provision of wage enhancement funding with any licensed child care centres who do not currently receive operating grants or fee subsidies. Staff will also have to develop an application process that is to be posted on the City of Peterborough's website with a deadline for submissions no later than June 30, 2015. A comprehensive reconciliation process will also need to be developed for year-end reporting. The ministry has identified that municipalities will need to repeat the application process in the fall of 2015 in order to determine 2016 wage enhancement allocations.

#### One Time Administrative Funding For Wage Enhancement

The ministry has provided a one-time grant of \$70,933, which is equal to 10% of the projected 2015 wage enhancement allocation, to support the municipality with the administration of the wage enhancement initiative. One time administrative funding for wage enhancement funding cannot be used for any other child care expenditures. Any funding that is not used for the purpose of wage enhancement will be recovered by the ministry.

Under the delegated authority as set out in City By-law 06-174 as amended in item 1.h) of Budget Committee Report No. 4 dated June 12, 2011 as adopted by Council at its meeting of June 27, 2011, the CAO has approved the use of the one-time grant to hire a temporary staff for 12 months to complete the work required to implement the new wage enhancement program.

Below is the budget set by staff for use of the Wage Enhancement administrative funding:

<b><u>2015 Wage Enhancement Administration</u></b>	
100% Provincial Funding	<u>70,933</u>
Salaries PT (new staff)	48,848
Benefits (10%)	4,885
Trf to CS Admin	5,100 **
Contractual Services	5,000
Office Supplies	2,000
Travel	500
Parking Passes	600
Training and Community Meetings	<u>4,000</u>
Total Expenditures	<u>70,933</u>
Municipal Contribution	- 0

\*\*transfer to admin will cover some salaries/benefits for the work done by the Program Manager and other Children's Services staff working on Wage Enhancement

The ministry recognizes there will be ongoing administrative costs associated with this funding and has committed to providing details on future administrative funding later in 2015. The amount of funding available and any further staff resources required will be considered through the 2016 municipal budget process.

## Summary

The province has provided an additional investment of \$1,129,400 in 100% funding to the municipality to support the provincial vision for a child care system that is responsive, high-quality, accessible, and integrated. This money will be provided to child care operators to allow for the implementation of additional child care funding in our community. This funding will ultimately help to stabilize the child care sector and provide the continuation of high quality child care services that parents rely on in order to work and go to school.

Submitted by,

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Appendix A - 2015 New Funding Allocation and Revised Municipal Budget