



City of
Peterborough

To: **Members of the General Committee**

From: **Sheldon Laidman, Commissioner of Community Services**

Meeting Date: **October 15, 2019**

Subject: **Report CSSS19-011
Impacts to Children's Services Expansion Plan Funding**

Purpose

A report to recommend continuation of the Expansion Plan of childcare spaces in the City and County of Peterborough.

Recommendations

That Council approve the recommendations outlined in Report CSSS19-011 dated October 15, 2019, of the Commissioner of Community Services as follows:

- a) That the City, as the local childcare and early years Service Manager in both the County and City of Peterborough continue with the Expansion Plan in all locations; and
- b) That staff be authorized to include the required 20% municipal funding for the Expansion Plan in the 2020 budget.

Budget and Financial Implications

In mid-August, the Province announced changes to the cost-share expectations for the Expansion Plan funding as well as delaying the implementation of the previously announced administrative funding changes to at least 2021.

If Council approves the recommendations, Chart 1 summarizes the potential financial impact on the 2020 City and County operating budgets, compared to the 2019 Children's Services budget.

Chart 1
Total Municipal Costs

	Expansion Plan				
	Approved 2019 Budget	2019 Actual Funding	2020 Draft Budget	% Change 2019 to 2020 Budget	% Change 2019 Actual to 2020 Budget
Expenditures	2,048,083	2,179,542	2,179,542	6.4%	0.0%
Provincial and Other Revenues	(2,048,083)	(2,179,542)	(1,743,634)	-14.9%	-20.0%
Municipal Share	-	-	435,908		
City	-	-	300,777		
County	-	-	135,131		
Total Municipal	-	-	435,908		
Cost Share					
City	70%		69%		
County	30%		31%		

The municipal breakdown is cost shared as City/County 70/30 in 2019 and 69/31 in 2020 based on projected childcare licensed spaces.

Background

At the September 9, 2019 General Committee meeting, Council motioned that report CAO19-010, Impacts to Children's Services Directly Operated Programs and Expansion Plan be deferred as follows:

- To finance Committee for the City's 2020 budget deliberations;
- To enable staff to report back at the October cycle of General Committee meetings on expansion spaces;
- To enable staff to report to the Joint Services Committee on the matter; and
- To enable City Council to formally request MPP Dave Smith to attend the September 23rd Council meeting to respond to questions regarding provincial downloads and their affect on municipalities.

This report is to comply with recommendation b) from September 9, 2019.

As detailed in General Committee Report CAO19-010, funding and service impacts to Children's Services will be phased in over a three-year period starting in January 2020.

The phased implementation approach will be rolled out as follows:

- **On January 1, 2020**, Consolidated Municipal Service Managers (CMSMs) will be asked to cost-share Expansion Plan operating funding at a rate of 80/20 provincial/municipal. The Province has indicated that while cost sharing continues to be encouraged, the ministry is committing to providing 80 percent of this funding regardless of the CMSM contribution,
- **The following year on January 1, 2021**, CMSMs will be asked to continue cost-sharing Expansion Plan operating funding at a rate of 80/20 and be required to cost share all administrative funding at a rate of 50/50; and
- **On January 1, 2022**, the threshold for allowable administrative funding CMSMs can spend on childcare will be reduced from 10% to 5% in addition to the ongoing cost sharing requirements previously introduced.

Chart 2 below shows the municipal costs of all children's services programs from 2019 to 2022 with the provincial changes.

Chart 2**Municipal Costs of All Children's Services Programs 2019-2022 with Provincial Changes**

	Approved 2019 Budget	2020 Draft Budget with Expansion Plan Cost Share 80/20	2021 Estimated Budget with Admin Cost Share 50/50	2022 Estimated Budget with Admin Cost Share 50/50 and Change to 5% Threshold	% Increase from 2019 to 2022
Administration	194,099	165,680	306,623	418,849	
Wage Enhancement Admin	-	-	35,467	35,467	
Directly Operated Child Care	511,653	570,962	582,381	594,029	
Expansion Plan - Program	-	435,908	435,908	435,908	
Expansion Plan - Admin	-	-	75,218	98,957	
Core Funding	1,090,566	1,090,565	1,090,565	1,090,565	
Early on Child and Family Centers	-	-	-	-	
Early Learning Child Care	-	-	36,852	55,354	
Total Municipal Cost	1,796,318	2,263,115	2,563,014	2,729,129	51.9%
Previous Years Budget	-	1,796,318	2,263,116	2,563,014	
\$ Increase from Previous Year	-	466,797	299,898	166,115	
% Increase over Previous Year's Budget		26.0%	13.3%	6.5%	
Municipal Cost Share					
City	1,257,423	1,561,549	1,768,480	1,883,099	
County	538,895	701,566	794,534	846,030	
Total Municipal	1,796,318	2,263,115	2,563,014	2,729,129	

Expansion Plan Funding

The Expansion Plan Funding was launched in 2017 by the Province to create 100,000 high-quality licensed childcare spaces for children aged 0-4 in Ontario and, at that time, required no municipal contributions. Funding was provided to municipalities to plan for expanded spaces to meet this target over 5 years. Municipalities now have the flexibility to decide how much to contribute of the 20% allocation and the Province contributing the remaining 80%.

Based on the former funding model, the Municipal Budget provided no municipal funds. The 2020 Municipal contribution is estimated to be \$435,909 shared 69% / City 31% County (based on current projections for 2020 licensed spaces).

The chart below lists the programs supported by Expansion Plan funding for spaces that have opened or are planned. There are two projects currently under construction and one other that is on hold pending Council direction.

Chart 3
Expansion of Agency Sites

Agency Name	Completion Status	# of FD Spaces Before Expansion*	# of Expanded FD Spaces	Total # FD* Spaces Post Expansion
Col 1	Col 2	Col 3	Col 4	Col 5
City Expansion Sites				
Centre Educatif Les Petits Curieux	2017	26	13	39
Municipal – Pearson	2017	26	13	39
Strath – Crestwood	Sep-19	0	25	25
Compass – Mc Rae**	2020	0	49	49
Trent Child Care – King George**	2020	31	18	49
Total City		83	118	201
County Expansion Sites				
Compass – Millbrook	2017	0	49	49
YMCA – Lakefield Child Care	2017	27	22	49
Trent – Bridgenorth	Apr-19	32	15	47
Hucklebug – Havelock	Sep-19	26	13	39
Hucklebug – Norwood	2020 Deferred	0	39	39
Total County		85	138	223
Total All Commitments		168	256	424

*Full day licensed spaces for children 0 – 3.8 years (numbers to not include school-age spaces)

**Projects already under construction

Growing Need

With Expansion Plan funding, the City has expanded spaces in the City and County to help address the growing demand for licensed childcare. Operators that expand their childcare spaces receive one-time Expansion Plan funding for first-time equipping of the new spaces and on-going Expansion Plan funding to support operating costs. Ongoing funding includes:

- Fee subsidies
- Operating and Wage grants
- Special Needs Resource Funding

In addition to the on-going Expansion Plan funding for the new spaces, the City provides Core Funding for fee subsidies and wage and operating grants to each of these programs for existing spaces. The new spaces will receive the same net amount of funding per FTE from the City as other childcare centres but their funding must be accounted for through both funding programs per provincial Expansion Plan guidelines. Financial supports help operators keep parent fees more affordable for families and keep their program financially viable. While progress has been made, the demand for space continues to increase. Currently there are 3,745 licensed childcare spaces and 1,265 children waiting for a childcare space. There is no waiting list for fee subsidies.

Impacts Without the 20% Municipal Contribution

If this recommendation is not approved and the municipality does not contribute 20% for Expansion Plan funding in 2020 it would result in a significant impact to the entire childcare system as it is not as simple as just closing the 256 spaces in the system. Childcare operators have two main revenue sources: parent fees and municipal operating and wage grants. Typically, when municipal funding is reduced, operators increase the parent fees to make up for the short fall.

A reduction in Expansion Plan funding could result in:

- The reduction of operating funding for the seven childcare operators that expanded spaces between 2017 – 2019.
- An increase in parent fees for 2,685 spaces in the City and County (Illustrated in Chart 3 below). This would occur as the expansion site operators operate an additional 2,685 spaces in the City and County and funding would therefore have to now be spread over an additional 256 spaces with the same funding level;
- The childcare operators for the McRae and King George expansion project currently being built may not receive any operating funding;
- The cancellation of the Norwood expansion project;
- Seven childcare organizations that expanded becoming financially destabilized due to the reduction in expected ongoing operating funding;
- Inequity in the childcare system where some childcare sites are receiving different funding levels from the City than other sites; and

- A Fee Subsidy Waitlist may start to build again.

The chart below lists the seven Service Providers supported by Expansion Plan funding that would be impacted and illustrates the total number of spaces that each of them has in relation to the total number of licensed spaces in the City and County.

Chart 4 System Expansion

Service Providers with Expanded Sites	Total Licesned Spaces
Centre Les Petits	95
Compass Early Learning and Care (excl. Home Child Care)	1,125
City of Peterborough Child Care	297
Hucklebug Child Care	249
Strath-MacLean Child Care	229
Trent Child Care	471
YMCA Child Care	219
TOTALS	2,685
Total Licensed Spaces - City & County	3,745
Percentage of total spaces	72%

Deadline to Submit Decision to Province

As part of the Expansion Plan funding initiative, the Ministry of Education requires school boards and municipalities to submit a Joint Confirmation – Previously-Approved School-Based Child Care Capital Projects form to the Ministry. This form identifies which childcare capital projects can proceed to construction. The original submission deadline was August 30, 2019. When staff signed off on this form in August the Norwood project was deferred pending a council decision on the Expansion Plan funding. The Ministry recently extended the submission deadline to October 31, 2019 and is allowing school boards and municipalities to resubmit the forms based on updated information. If this recommendation gets approved, staff would change the project status from deferral to proceed to build on the Joint Confirmation form when it is submitted at the end of October. Without the 20% funding, the project would be cancelled.

Joint Services Steering Committee

Joint Services Steering Committee (JSSC) did review report CAO19-010 on September 12, 2019. They received the report for information.

Due to the timing of these recommendations, this report could not go to Joint Services Steering Committee before going to a General Committee meeting. The report will be presented to JSSC on October 24, 2019.

Summary

For the Expansion Plan for Children's Services to continue, a 20% municipal share is necessary. In addition, municipalities are expected to pay a greater share of the administration in 2021 and 2022. However, these spaces are needed in the community and staff recommend that the Expansion Plan continue and the additional funds be included in the 2020 budget.

Submitted by,

Sheldon Laidman
Commissioner of Community Services

Contact Name:

Sheldon Laidman
Commissioner of Community Services
Phone: 705-742-7771 Ext. 1831
Toll Free: 1-855-738-3755 Ext. 1831
E-Mail: slaidman@peterborough.ca