
REPORT TITLE: Additional Child Care Sector Funding

FROM: Janice Sheehy, Commissioner of Human Services

RECOMMENDATION

That the 2022 Early Years and Child Care gross revenues and expenditures be increased by \$3,240,027 to reflect the receipt of additional base funding from the Ministry of Education;

And further, that a one-time transitional grant from the Ministry of Education in the amount of \$8,784,165 be received and that \$5,964,364 of the grant to be used to support the child care sector to remain viable during the ongoing pandemic;

And further, that a portion of the one-time transitional funding be used to replace the \$2,819,801 draw from the Tax Stabilization Reserve approved through the 2022 Budget.

REPORT HIGHLIGHTS

- The Region of Peel has received a \$3.2 million increase in base funding from the Ministry of Education to support the early years and child care sector.
- \$2.4 million in funding will help to meet an increase in targets for fee subsidy and special needs resourcing as set forth by the Province and to support the sector. The remaining \$881K is earmarked for EarlyON programs and will be used to improve their accessibility and equity.
- The Ministry of Education has also provided a one-time transitional grant of \$8.8M to offset the impact of the administrative funding cut and to address the ongoing challenges the COVID-19 pandemic is creating for the early years and child care sector. This funding is good news and welcome relief for the sector.
- The one-time funding will also mean that the \$2.8 million draw from the Tax Stabilization Reserve, that was approved through the 2022 Budget, will not be required.
- Staff propose a funding approach that focuses on reducing the financial impact of the Provincial administrative funding cuts on taxpayers while supporting the stability and viability of the sector and improving equitable access for Peel families.
- Staff will update Regional Council on how the funding is utilized and the ongoing needs of the Early Years and Child Care sector through the regular triannual reporting process.

DISCUSSION

1. Background

In 2020, the Ministry of Education announced cuts to Early Years and Child Care funding including reducing administrative funding by 50 per cent. Regional staff found efficiencies to mitigate the majority of this funding cut, and in the 2022 Budget process asked for a \$3.8M

Additional Child Care Sector Funding

of which \$0.9M was included in the property tax base. The remaining \$2.8M was to be funded from the Tax Stabilization Reserve to phase in the reduction in the administrative funding shortfall for 2022.

2. Discussion

In December 2021, the Region received its' 2022 funding allocation from the Ministry of Education. The allocation is an additional \$3.2M more than what was projected in the 2022 Budget. It will be used to support the early years and child care sector as follows:

- \$2.4M will be used to meet new Provincial targets for fee subsidy and special needs resourcing which reflect Peel's growing population; and
- The remaining \$881K is earmarked for EarlyON programs. This funding will be used to improve accessibility and equity of EarlyON programs by establishing permanent virtual service offerings and through enhanced community engagement and outreach work. It will also be used for the development of customizable, culturally inclusive programming to appropriately address local needs. Staff will report back to council with details of this work in the second half of 2022.

The December 2021 allocation from the Ministry of Education also included a one-time transitional grant of \$8.8M that is intended to offset the impact of administrative funding cuts implemented by the Province in 2022 and to address the ongoing challenges the pandemic is creating for the child care sector. With this one-time funding, the \$2.8M that was approved through the 2022 Budget to be withdrawn from Tax Stabilization Reserves, will no longer be required. The remaining \$6M of the \$8.8M will be used to support the sector during the COVID-19 pandemic as per the Ministry of Education guidelines.

The Ministry of Education has offered service system managers flexibility to use funding to support families and address financial pressures that threaten the viability of child care programs. This includes supporting provider costs such as rent, lease and occupancy expenses, utilities, nutrition, materials, resources, supplies and staff wages. It also allows providers to waive parent fees for absences attributed to COVID-19 symptoms or program closures resulting from the pandemic. This will support families to keep children home if they are sick. The additional funding in 2022 will help stabilize the child care sector during very challenging times.

The additional funding provided by the Ministry of Education is welcomed and acknowledges the ongoing strain that the pandemic has put on both service system managers and the sector. The child care sector remains in a state of flux and for it to remain viable, financial supports are required throughout 2022.

Stability of the child care sector is critical to the recovery of the economy and will be essential if families in Peel are to benefit from the National Child Care plan should an agreement be reached between the Provincial and Federal governments.

RISK CONSIDERATIONS

As the funds must be used in 2022, without the timely approval of this additional funding, the Region would not be able to utilize the funds to support the early years and child care sector in Peel and may need to return a portion of the money to the Province.

Additional Child Care Sector Funding

FINANCIAL IMPLICATIONS

The 2022 Early Years and Child Care budget gross revenues and expenditures will be increased by \$3,240,027 to reflect the receipt of additional ongoing funding from the Ministry of Education. There is no net budget impact.

A portion of the additional \$8,784,165 one-time transitional funding will be used to replace the \$2,819,801 draw from the Tax Stabilization Reserve approved through the 2022 Budget to phase in the reduction in administrative funding.

The remaining \$5,964,364 will be used to support the child care sector to remain viable despite the challenges of the pandemic, with no net budget impact.

Staff will keep Council updated on the use of the funding through the Chief Financial Officer's updates on the management of the financial impacts of COVID-19 and through the regular triannual reporting process.

CONCLUSION

The Region of Peel has received \$3.2M in additional funding from the Ministry of Education to support the early years and child care sector as well as a one-time transitional grant in the amount of \$8.8M. This additional money will help offset previous funding cuts and help to support and stabilize the sector during a time of considerable challenges. It will also eliminate the need to draw from Tax Stabilization Reserves as approved through the 2022 Budget process. Staff will update Regional Council on how the funding is utilized and the ongoing needs of the Early Years and Child Care sector through the regular triannual reporting process.

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