



	<b>REPORT No.: 2021-05</b>
<b>MEETING DATE: FEBRUARY 18, 2021</b>	<b>DATE PREPARED: JANUARY 28, 2021</b>
<b>SUBJECT: CHILD CARE MITIGATION FUNDING - UPDATE</b>	

**RECOMMENDATION**

THAT with respect to Report No. 2021-05, we, The District of Thunder Bay Social Services Administration Board (the Board), approve Option 2 - Utilize mitigation funding to address COVID financial pressures, as presented;

AND THAT Administration determine the additional child care system funding requirements due to the impact of the COVID-19 pandemic for the 2021 and 2022 years;

AND THAT following that analysis, Administration is directed to provide, for the Board's approval, a revised plan to fully utilize any remaining child care mitigation funding.

**REPORT SUMMARY**

To present The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) with a plan to fully utilize the child care mitigation funding.

**BACKGROUND**

In December 2012, the Ministry of Education announced a new Child Care Funding Formula that re-structured the way in which service managers are funded and the way prescribed services may be delivered. As of January 2013, this new child care funding formula replaced the historical approach of funding allocations based on specific programs with a methodology similar in structure to the way in which School Boards are funded.

The funding formula was based on publicly available, third-party demographic elements drawn from Statistics Canada sources that more accurately reflect child care demand and program cost structure at a community level.

The District of Thunder Bay received one-time "Mitigation Funding" of \$4 million from the Ministry of Education to mitigate the impact of the reduced funding on service delivery levels over the next 3 to 5 years.

The proposed purpose for the mitigation funding was to maintain as much stability as possible within the child care system, to mitigate any loss of funding when implementing these changes.

The proposed funding changes did not result in any reductions in funding and TBDSSAB maintained funding levels provided to child care service providers at existing levels.

### **COMMENTS**

In discussions with the Ministry of Education, TBDSSAB was able to retain the mitigation funding to use as required for the ongoing stabilization of the child care sector. Plans were established to use the funding within the sector.

The following chart represents the utilization of the mitigation funding from 2013 to present.

<b>Mitigation Funding Received MED 2013</b>	<b>\$4,000,000</b>
Funding Used 2013	\$120,699
Funding Used 2014	\$138,287
Funding Used 2017	\$33,244
Funding Used 2018	\$154,608
Funding Used 2019	\$448,023
Funding 2020 Allocation	\$374,800
Funding 2021 Allocation (Budgeted)	\$374,800
<b>Projected total remaining as of December 31, 2021</b>	<b>\$2,355,539</b>

To support the strategic outcome highlighted in Report No. 2015-59 “to reduce the child care waitlist so that licensed child care operators maximize their license capacity to reduce the number of children on the child care waitlist”, Administration implemented the following incentives with child care operators:

- **Infant Incentive:** To support child care operators in providing infant care program as the staffing costs for infant spaces are higher due to low ratio of 1 staff to 3 infants.
- **Fee Subsidy Incentive:** To encourage centres to provide child care to fee subsidy clients for 1 of every 3 children enrolled in a centre where possible.
- **Rural Incentive:** To support child care operators with the additional costs of delivering child care in rural communities, to assist with the viability of these programs.
- **Occupancy Incentive:** To support the transition of the funding formula moving from funding based on number of licensed spaces within a child care centre, to funding based on actual spaces being utilized within each child care centre.

## **Moving Forward**

To plan for the full utilization of the mitigation funding, Administration is recommending the following options for the allocation of the remaining mitigation funding:

### **Option 1: Continue to allocate mitigation funding based on incentives.**

Administration noted that from 2017 to the first quarter of 2020 the percentage of spaces utilized for the Infant, Toddler, Preschool spaces had increased from 68.2% to 81.0%. This can be associated with the use of incentive funding to encourage operators to meet program demands.

### **Option 2: Utilize mitigation funding to address COVID financial pressures.**

In 2021, Administration will be working closely with the child care programs to monitor and analyze the impact that the COVID-19 pandemic has had on each child care program. Once this analysis has been completed, Administration will present the findings to the Board. If there is a significant financial impact and if there is a need to provide mitigation funding to support child care programs, Administration would recommend utilizing mitigation funding to offset the impact of COVID-19 for 2021 and 2022 as funding permits. There are several COVID-19 funding supports that have been provided by both the federal and provincial governments to date, however the full impact of the pandemic on the child care system has not been fully realized and may not until a full return to pre-pandemic operations has been actualized.

## **FINANCIAL IMPLICATIONS**

This plan identifies two strategies to enhance the child care service system and align the use of the mitigation funding with one-time (or short-term use) costs. Based on the options presented above, the summary usage levels are as follows:

Projected Balance of Mitigation Funding:           \$ 2,355,539

Option 1 - Incentive Funding 2022 – 2028:       \$ 374,800 (per annum)

Option 2 - Mitigation to offset impact of COVID-19 pandemic (financial Impact to be determined based on analysis).



The child care mitigation funding is a 100% provincially funded initiative.

## **CONCLUSION**

It is concluded that this report provides the Board with information and Administration's recommendation with respect to TBDSSAB's Child Care Mitigation Funding. It is recommended that Option 2 be approved, and that Administration proceed with a financial analysis of the COVID-19 Impact on child care throughout the District. Following this analysis, a detailed plan will be presented to the board.

**REFERENCE MATERIALS ATTACHED**

None

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