



BOARD REPORT

REPORT No.: 2022-45
MEETING DATE: JULY 21, 2022
SUBJECT: CHILD CARE MITIGATION FUNDING

RECOMMENDATION

THAT with respect to Report No. 2022-45 (Corporate Services Division), we, The District of Thunder Bay Social Services Administration Board (Board), approve up to \$3,072,463 pertaining to Child Care Mitigation Funding, be transferred from Operations to the Early Years Reserve Fund;

AND THAT the necessary By-law be presented to the Board, for consideration.

REPORT SUMMARY

To provide The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) with a recommendation regarding Child Care Mitigation Funding.

BACKGROUND

At the February 21, 2013 meeting, the Board was presented with Report No. 2013-11 – Child Care Funding Formula and Framework, which provided an overview of changes to the funding formula and framework to be implemented by the Ministry of Education (MED). At the time, the new formula represented a significant decrease to TBDSSAB's child care funding allocation.

To support TBDSSAB through the transition, the MED provided \$3,967,324 in Mitigation Funding. Attachment #1 – Mitigation Funding Letter, states that TBDSSAB is responsible for determining how to best use the Mitigation Funding to support the local child care system and also states that TBDSSAB will report to the Ministry on the amount of mitigation funding used on an annual basis until all funds have been utilized.

Subsequent changes in the funding formula and framework resulted in TBDSSAB's child care funding levels being restored; the Mitigation Funding was not subject to recovery. In July 2015, the Board was presented with Report No. 2015-59 – Child Care Mitigation Funding, which outlined a strategy to utilize Mitigation Funding to enhance

the child care service system. Through the annual Operating Budget process, the Board has approved the use of Mitigation Funding accordingly.

The year-end reporting and reconciliation process with the MED requires the annual child care and early years funding allocation be fully expended before Mitigation Funding can be utilized. As a result, to date, only \$894,861 of Mitigation Funding has been used, with the remaining balance of \$3,072,463 recorded as deferred revenue in the 2021 Audited Financial Statements.

The Board had established the Early Years Reserve Fund to be used to create new child care spaces, including the physical relocation of existing spaces. The balance of this Reserve Fund was \$533,340 as at December 31, 2021.

COMMENTS

TBDSSAB has recorded the remaining Mitigation Funding balance of \$3,072,463 as deferred revenue as at December 31, 2021. The only condition relative to Mitigation Funding per the attached Mitigation Funding Letter is that it be used to support the local child care system. However, the unique MED reconciliation process makes it challenging to develop and implement a prudent funding strategy to utilize the Mitigation Funding.

Since there is no mechanism for recovery identified in the funding letter, the funding may be considered earned by virtue of the Board's signed acknowledgment of the letter. Once the funding has been recognized as revenue, the Board can approve the transfer of funds into the Early Years Reserve Fund to be used, at the Board's sole discretion, in accordance with the Reserve Fund parameters.

The Early Years Reserve Fund By-law No. 09-2016 limits withdrawals from the Reserve Fund to only fund the establishment of new child care spaces. Administration recommends amending the By-law to allow for increased flexibility to enable TBDSSAB to respond to the complex needs of the child care and early years' service system. Amending the By-law to encompass both operating and capital requirements is consistent with the intended use of the Mitigation Funding and would support Administration in the development of a long-term child care and early years strategy.

STRATEGIC PLAN IMPACT

This report relates to the Board's strategic direction of Financial Stewardship, with a focus on ensuring accountability of TBDSSAB resources

FINANCIAL IMPLICATIONS

The 2022 Operating Budget allowed \$374,800 to supplement the funding allocation to child care operators. Pending the final reconciliation with the MED for the 2022 year, the balance of Mitigation Funding, up to \$3,072,463, may be recognized as revenue and transferred into the Early Years Reserve Fund.



CONCLUSION

It is concluded that the Mitigation Funding balance of up to \$3,072,463 should be recognized as revenue in the 2022 year, and transferred into the Early Years Reserve Fund.

It is further concluded that the Early Years Reserve Fund By-law No. 09-2016 should be amended to expand the use to fund both capital and operating requirements within the child care and early years' service system.

REFERENCE MATERIALS

Attachment #1 [Mitigation Funding Letter](#)

PREPARED BY:	Keri Greaves, CPA, CMA, Manager, Finance
SIGNATURE	
APPROVED BY	Georgina Daniels, FCPA, FCA, Director - Corporate Services Division
SIGNATURE	
SUBMITTED BY:	William (Bill) Bradica, Chief Administrative Officer

**Ministry of Education
Early Learning Division**

**Ministère de l'Éducation
Division de l'apprentissage des
jeunes enfants**

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24th Floor, Mowat Block
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February 1, 2013

Mr. Aaron Park
Acting Child Care Director
The District of Thunder Bay Social Services Administration Board
231 May Street South
Thunder Bay, ON P7E 1B5

Dear Mr. Aaron Park:

Further to our ELCC16 memo on December 21, 2012, please be advised that a payment of \$3,967,324 will be made to The District of Thunder Bay Social Services Administration Board (the 'Recipient') upon the receipt of signed acknowledgement of this letter.

The Ministry of Education (the 'Ministry') is pleased to provide the above-noted one-time mitigation funding to support you in transitioning to Ontario's new child care funding formula and framework introduced in 2013. Mitigation funding is available for Consolidated Municipal Service Managers (CMSMs) or District Social Services Administration Boards (DSSABs) that have seen a reduction in their ongoing child care funding allocation under the new funding formula.

Mitigation funding provides CMSMs and DSSABs with resources to align local child care services with their 2013 child care funding allocation. As a CMSM or DSSAB, The District of Thunder Bay Social Services Administration Board is responsible for determining how to best use the mitigation funding to support their local child care system under the new funding formula. For example, CMSMs/DSSABs may choose to support their child care system by allocating this funding for fee subsidy, special needs resourcing, or retro-fit capital funding, etc. The Recipient will report to the Ministry on the amount of mitigation funding used on an annual basis until all funds have been utilized.

The Ministry reserves the right to verify or audit any information submitted for completeness and accuracy, and will work with the Recipient to ensure that funds are used for the purposes intended.

The Recipient shall keep and maintain for a period of seven (7) years after:

- (a) all financial records (including invoices) relating to the funds in a manner consistent with generally accepted accounting principles; and
- (b) all non-financial documents and records relating to the funds;

including but not limited to, records and documents containing personal information within the meaning of FIPPA and the *Personal Information Protection and Electronic Documents Act* (Canada).

The Ministry, its authorized representatives or an independent auditor identified by the Ministry may, at its own expense, upon twenty-four hours' notice to the Recipient and during normal business hours, enter upon the Recipient's premises to review compliance with this letter and the Recipient's expenditure of the funds and, for these purposes, the Ministry, its authorized representatives or an independent auditor identified by the Ministry may:

- (a) inspect and copy the records and documents referred to in the above paragraphs; and
- (b) conduct an audit or investigation of the Recipient in respect of the expenditure of the funds.

The Recipient shall disclose any information requested by the Ministry, its authorized representatives or an independent auditor identified by the Ministry, and shall do so in a form requested by the Ministry, its authorized representatives or an independent auditor identified by the Ministry, as the case may be.

The Recipient agrees that the Ministry will not be liable for any injury or damage (including death) to the person or property of the Recipient or of any officer, employee, member or agent of the Ministry, unless the injury, loss or damage is caused by the negligence of an officer or employee of the Ministry while acting within the scope of his or her employment.

The Recipient further agrees that it shall, at all times, indemnify and save harmless Her Majesty the Queen in Right of Ontario as represented by the Minister of Education, its officers, employees and agents from and against all claims, demands, losses, costs, damages, actions, suits or other proceedings made, sustained, brought or prosecuted that are based upon, or caused in any way by anything done or omitted to be done by the Recipient or any of his/her/its officers, members, directors, employees or agents in connection with activities performed, purportedly performed or required to be performed by this letter.

The Recipient will maintain in force all the necessary and appropriate insurance including commercial general liability insurance on an occurrence basis for third party bodily injury, personal injury and property damage, to an inclusive limit of not less than two million dollars (\$2,000,000) per occurrence.

The Recipient shall provide the Ministry with certificates of insurance, and renewal replacements on or before the expiry of any such insurance, or other proof as may be requested by the Ministry, that confirms the insurance coverage as provided for in the section above. Upon the request of the Ministry, the Recipient shall make available to the Ministry a copy of each insurance policy.

The Ministry recommends consultation with community partners that may be impacted by mitigation funding.

Please acknowledge your receipt of this letter by returning one signed original copy of this letter to the address below by no later than February 28, 2013:

Pam Musson, Director
Early Learning and Implementation Branch
Ministry of Education
900 Bay St. 24th Floor Mowat Block
Toronto, ON M7A 1L2

We appreciate your ongoing partnership throughout this time of transformation. If you have any questions regarding this letter, please contact your Child Care Advisor.

Yours Truly,



Pam Musson
Director, Early Learning and Child Care Implementation Branch
Ministry of Education

The District of Thunder Bay Social Services Administration Board agrees with the above terms and conditions stated in this letter.

Per:



Name: Robert Katajamaki
Title: Chair, TBDSSAB

February 21, 2013
Date



Name: William Bradica
Title: A/Chief Administrative
Officer, TBDSSAB

February 21, 2013
Date

I/we have the authority to bind the Recipient.