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The Regional Municipality of Durham Report

To: Health and Social Services Committee
From: Commissioner of Social Services
Report: #2024-SS-10
Date: October 3, 2024

Subject:

Unbudgeted Provincial funding from the Ministry of Education for the Canada-Wide Early Learning and Child Care System

Recommendation:

That the Health and Social Services Committee recommends to Regional Council:

That unbudgeted Provincial funding from the Ministry of Education in the amount of \$9,066,415, be expended in accordance with the 2024 Canada-Wide Early Learning and Child Care Guidelines and as further detailed in Section 5 of this report.

Report:

1. Purpose

1.1 The purpose of this report is to provide details and seek Regional Municipality of Durham (Region) Council approval to expend 2024 unbudgeted revenue provided through the Ministry of Education (MEDU) for the Canada-Wide Early Learning and Child Care System. The Ministry has indicated a new cost-based approach to Canada-Wide Early Learning and Child Care (CWELCC) funding, starting in 2025, will be announced shortly.

2. Background

- 2.1 The Region is the Consolidated Municipal Service Manager (CMSM) for child care and early years in Durham Region. As the CMSM, the Region is legislatively responsible for implementing the CWELCC system for Durham Region.
- 2.2 On August 15, 2024, Social Services staff received notice from MEDU outlining the Region was to receive an additional \$1,288,822 in one-time, incremental funding for 2024 to manage the transition from a revenue replacement model to a new cost-based funding approach for the Canada-Wide Early Learning and Child

Care System. This new cost-based funding approach will start in 2025 and is being implemented by the Province as part of the Federal-Provincial agreement.

- 2.3 On September 13, 2024, Social Services staff received notice from MEDU outlining the Region was to receive an additional \$7,777,593 in one-time, incremental funding for 2024, to support child care licensees in addressing non-discretionary cost pressures.

3. Previous Reports and Decisions

- 3.1 [2022-SS-6](#): Canada-Wide Early Learning and Child Care System
- 3.2 [2024-SS-4](#): Unbudgeted Provincial funding from the Ministry of Education for the Canada-Wide Early Learning and Child Care System

4. Additional Canada Wide Early Learning Funding

Administrative Funding

- 4.1 The Province has recognized that implementing the new cost-based funding approach and the related accountability framework may result in significant changes for CMSM's and to their existing policies and procedures, information technology systems, service agreements with licensees, and the development of comprehensive training and communication materials.
- 4.2 To support such costs as outlined above, MEDU is releasing \$1,288,822 in one-time-only, incremental CWELCC administrative funding to the Region, to be spent in according with the current 2024 CWELCC guidelines on administrative spending.

Emerging Issues Funding

- 4.3 On November 30, 2023, MEDU announced emerging issues allocations totaling \$75 million for 2024. The Region received additional funding of \$1,083,942 from this allocation to help alleviate licensees' non-discretionary cost pressures from January to March 31, 2024.
- 4.4 Through information provided by many CMSMs, including the Region, and to provide additional stability to the sector in 2024 before transitioning to the new, cost-based funding approach in 2025, the Province has further increased emerging issues funding by another \$45.3 million to further support the sector, bringing the 2024 emerging issues allocations to \$98.25 million for 2024.. The Region is receiving an additional \$7,777,593 to support CWELCC-enrolled child-care licenses to address rising non-discretionary cost pressures offset by reduced parent fees.

5. Financial Implications

- 5.1 Section 11.1 of the Region's Budget Management Policy, Unanticipated revenues in excess of \$1,000,000, and the proposed expenditure plan, require approval of the appropriate Standing Committee and Regional Council prior to the expenditure of funding.
- 5.2 The unbudgeted provincial funding for Administration in the amount of \$1,288,822 will be expended in accordance with the CWELCC program guidelines. The following table identifies the estimated 2024 staffing, operating and capital costs:
- a. Staffing Costs
 - Funding in the amount of \$724,222 will be applied towards existing budgeted staff positions. Existing staff will need to shift their focus to implementation of this new cost-based funding approach, and additional temporary support staff.
 - b. Operating Costs
 - Personnel Related - \$100,000
 - Communication - \$100,000
 - Computer Maintenance & Operations - \$50,000
 - Professional Services - \$300,000
 - c. Capital Costs
 - Furniture & Fixtures - \$10,000
 - Laptops & Monitors - \$4,600
- 5.3 Emerging Issues funding will be allocated to community child care partners and the Region's directly operated childcare centres, subject to terms and conditions set out in the program funding guidelines.
- 5.4 There are risks to the Region with upper levels of government funding. In the event that either level of government decreases the funding or does not adjust the level of funding provided to the Region to accommodate inflationary and contractual increases, then the Region's funding costs may need to be increased if there is a request to maintain the same level of service to the community.

6. Relationship to Strategic Plan

- 6.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:
- a. Goal 2: Community Vitality – To foster an exceptional quality of life with services that contribute to strong neighbourhoods, vibrant and diverse communities, and influence our safety and well-being.

- b. Goal 4: Social Investment – To ensure a range of programs, services and supports are available and accessible to those in need, so that no individual is left behind.
- c. Goal 5: Service Excellence – To provide exceptional value to Durham taxpayers through responsive, effective, and fiscally sustainable service delivery.

7. Conclusion

- 7.1 It is recommended that the Regional Municipality of Durham receive the additional unbudgeted Provincial funding from MEDU in the amount of \$9,066,415 as supplementary to the approved 2024 Business Plans and Budget and be allocated to eligible costs outlined in the 2024 Canada-Wide Early Learning and Child Care guidelines.
- 7.2 This report was reviewed by the Finance Department and the Commissioner of Finance concurs with the financial recommendations.

Respectfully submitted,

Original signed by

Stella Danos-Papaconstantinou
Commissioner of Social Services

Recommended for Presentation to Committee

Original signed by

Elaine C. Baxter-Trahair
Chief Administrative Officer