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## Children's Services Administrative Funding

The purpose of this report is to provide a backgrounder on the funding issues pertinent to a municipal service manager's (CMSMs/DSSABs) administration of the children's services\* downloaded to municipal services managers.

Prior to Local Services Realignment (LSR), it was at a municipality's discretion whether or not it became involved with the planning and delivery of child care services in its jurisdiction. None of this DSSAB's member municipalities were in the child care business prior to LSR. Those municipalities elsewhere in the Province that had chosen to get into the child care delivery business saw 50% of their associated cost of administration assumed by the province.

This changed with the advent of the LSR decision which saw municipal service managers (CMSMs & DSSABs) download responsibility for the local planning, coordination and delivery of child care services\* in their service jurisdiction.

The post-LSR world saw all municipalities involved the funding of the child care services in the service jurisdiction they belonged to whether the services in question were directly delivered by their municipality or delivered via a third party provider.

Of particular concern to municipalities were:

- The fact that they were now obligated to pay a portion of the administrative costs associated with the child care portfolio in their service manager's jurisdiction.
- The fact that the portion of their service manager's cost of administration that they were now obligated to pay was unilaterally determined by the province's Ministry of Community and Social Services (MCSS) that changed it from a 50/50 sharing of the cost of administration to an MCSS imposed formula that capped the sharing of the service manager's Cost of Administration to 11.5% of the transferred Child Care Fee Subsidy envelope.

There was no equity in the determination of the provincial portion of the "fee subsidy dollars" distributed amongst the province's 47 municipal service managers as the dollars available to a Municipal Service Manager (CMSMs & DSSABs) was a straight forward reflection of the number of Fee Subsidy child care spaces in play in each service manager's jurisdiction at the point of transfer. There was little if any recognition of the special or exceptional circumstances that may legitimise the need for some flexibility in the province's allocation of its share of the cost of administration provided to a municipal service manager. The need for equity or

minimum base lines to ensure some form of equity from one municipal service manager to the next was certainly not a funded consideration.

The fact that a municipal service manager (DSSAB)'s Cost of Administration was limited to 11.5% of the Child Care Fee Subsidy envelope in its jurisdiction at the point of transfer, meant that the cost of administration that a DSSAB incurred as a result of the work associated with the other child care programs and services downloaded as part of the LSR download would have to be 100% funded by municipalities.

Put another way, there was no administration amount allowed for the work associated with Family Resource Centres (FRC), Wage Subsidies, Special Needs Resourcing, Pay Equity nor any of the DSSAB's downloaded children's services planning and coordinating activities. This meant that the administration costs of all program components other than Child Care Fee Subsidy were 100% municipally funded.

There has been a good deal of change to all of these programs and services in the years that have since followed. Most of those changes were initially imposed by MCSS and, in recent years, by the since then created (new) Ministry of Children and Youth Services (MCYS). While the changes have been many, there has yet to be any change in the province's recognition of the municipal claim that it should pay a portion of the administration cost that service managers incur vis-à-vis these other program components.

The original unilaterally imposed cap on administration was inadequate at the point of transfer. The inadequacy has increased over time as MCSS (and then MCYS) imposed new administrative requirements. These included mandatory annual service plans, implementing changes to eligibility determination and Ontario Early Years planning support. The inadequacy has further increased as a result of annual inflation (CPI) and wage settlements neither of which has been recognized by MCSS.

The creation of the new Ministry of Children and Youth Services (MCYS) has not led to any efforts to correct this problem. The only improvements since the time of the transfer to municipal service managers has been the increase in the administration cap driven by new Fee Subsidy funding as part of the Early Learning and Child Care initiative and planning funding provided under the Best Start Initiative.

The Provincial-Municipal Fiscal Service Delivery Review (PMFSDR) recommends program and funding stream simplification as a route to lowering administrative costs but did not recommend a change in cost sharing.