



Report To:	Manitoulin-Sudbury District Services Board
From:	Donna Moroso, Director of Integrated Social Services Ray Hannah, Children's Program Supervisor
Date:	January 24, 2013
Re:	Child Care Funding Model - Issue Report

Purpose

The purpose of this report is to update the Board in relation to the Child Care Funding Model changes for 2013.

Background

Since the release of the Ministry's discussion paper "[Modernizing Child Care in Ontario](#)", changes to the funding model have been anticipated. Now that the responses to this discussion paper have been reviewed by the Ministry, and the Ministry has conducted an advisory group for the development of a new funding model, the final model was released on December 18, 2012.

Objective

In a [memo](#) from the Ministry of Education released December 18, 2012, the Ministry announced a new Child Care Funding Model along with the new [Ontario Child Care Service Management and Funding Guidelines](#). In this memo, the Ministry has indicated that the following objectives were considered in the development of the new model:

- **Efficiency:** Informed by evidence and experience to address inequities in current funding allocations and distribute and simplify funding to maximize its impact on the sector;
- **Responsiveness:** Based on up-to-date data, allows for changes in the sector, and responds to the need for services;
- **Predictable and Transparent:** Service managers are able to estimate their future years budgets with a reasonable degree of confidence;

- **Quality:** Support consistency in approach, access for families and provides high quality programs for children/operators; and
- **Accountability:** Use enveloping and reporting requirements which support funding objectives.

Overview

Concerning the new funding formula, and with the objective to modernize and stabilize the Child Care sector, the Manitoulin-Sudbury District Services Board has received an increased funding envelope along with increased flexibility to manage the system. The new funding model for 2013 is the first significant change to achieve the Ministry's medium term vision which involves changes to the funding formula, capital priorities, quality programs, modernization of the regulatory framework, accountability and capacity building.

In addition, the new funding model has significantly reduced the total number of allocation lines. Similarly, the data reporting elements have been significantly reduced as the detail codes for each previous allocation have been removed with the replacement of three main funding allocations.

The new funding formula includes the following funding allocations:

- Core Services Delivery
- Special Purpose
- Capital

The new funding formula, as detailed in the new [Child Care Technical Paper](#), is based on transparent data elements which are publicly available. These data elements include:

- Low Income Cut Off indicators
- Child Population
- Level of Education Attainment
- Knowledge of an Official Language

It is important to note that funding provided through Core Services Delivery and Special Purpose allocations, with minimal limitations, can be used for any type of expense.

Allocation Component descriptions:

Core Services Delivery:

This allocation's purpose is to support child care viability, provide fee subsidies, and to support children with special needs in participating in these programs. It is important to note, there are no longer dedicated allocations for Wage Subsidy, Wage Enhancement, Pay Equity and Special Needs Resourcing. These allocations can now be issued under the Core Services Delivery allocation with more local flexibility on implementation.

Special Purpose:

Special Purpose funding is intended to reflect the unique service delivery demands of child care operators. These unique factors include consideration for the following facets of the service manager's allocations:

- Rural/Remote
- Language
- Aboriginal
- Cost of Living
- Full-Day Kindergarten (FDK)
- Transition.

Special purpose funding also aligns with Ministry priorities to support supplement or transform the delivery of child care services through the following:

- Transformation
- Capacity Building
- Territory Without Municipal Organization
- Small Water Works

Capital:

The Capital allocation is intended to support minor expenses for the transformation of child care programs to serve younger age groups with the implementation of Full Day Kindergarten within schools.

In addition, all new funds are being invested in the formula by the Province as 100% provincial contributions. The dollar value of CMSMs/DSSABs minimum required cost shares remain the same as they were in 2012.

Below is a breakdown / summary of the main funding allocations:

Name	Amount
Core Service Delivery / General Operating	\$1,177,168
Special Purpose	\$2,715,662
Capital	\$40,469
TWOMO	\$99,116
Capping	(\$336,220)
Total	\$3,696,195

Conclusion

The new funding formula has resulted in a 40% increase to the Manitoulin-Sudbury District Services Board Child Care funding envelope received from the Ministry of Education. In addition to this increased funding, comes increased flexibility to distribute these funds, and the ability to create policies and procedures that stabilize the child care sector. The old system of funding posed limited or no flexibility for service manager's to distribute funds from one funding line to another in order to meet our unique child care system needs. Now, as system service manger's, we will be able to stabilize the child care system through funding and rules that are attentive to our unique needs.

As a result of these significant changes, the Manitoulin-Sudbury District Services Board will be meeting with our partner child care agencies in the near future. The Manitoulin Sudbury District Services Board remains committed to supporting each of our child care agencies in the invaluable work they do to support the children, families, and economy of our communities. Recognizing the value of their work, knowledge, and experience, the purpose of the meeting will be to collaborate on the development of a new system of support which will turn the focus, from a system of complicated and restrictive grants and allocations, to a simplified system involving an Operating Budget that will better support our local child care system.