



Report To:	Manitoulin-Sudbury DSB Board
From:	Donna Stewart, Director of Integrated Social Services and Lori Clark, Children Services Program Supervisor
Date:	May 28, 2020
Re:	Early Years Funding - Issue Report

Background:

In a [letter](#) dated March 21, 2020, the Ministry of Education advised Service System Managers **“to continue to flow funding to child care centres and agencies”**. Furthermore, the letter stated **“the ministry does not intend to recover funding for early years and child care services as a result of measures implemented as part of COVID-19 preparedness, including complying with closure orders and will work with you on how this funding is considered in our child care recovery plan”**.

Service System Managers have been waiting for further direction related to ongoing funding and costs for the Early Years system during the emergency order. Throughout this time, staff have been clear with all Providers that all funding flowed during this period would be subject to reconciliation and actual costs incurred and that any overpayments would be recovered.

On May 9, 2020, the Province of Ontario [announced](#) their plan to support parents by protecting child care spaces pending their return to work. The intent is that families can re-enter the workforce knowing that local centres will be accessible and safe.

On May 11, 2020 the DSB received a [communication](#) from the Ministry of Education outlining:

- An order that prohibits child care operators from charging families to maintain their spaces during the closure order. This was originally [announced](#) on April 10, 2020. None of the operators the DSB funds for General Operating or Fee Subsidy were charging parents while they were closed.
- Other information which has several components, some of which, once implemented, may have a negative impact on the local early year’s system.

Overview

The May 11 memo outlines two main strategies that will have significant impact on Early Years.

The first directs programs to apply for funding for Fixed Overhead Costs through any available federal program. Currently this would be the Ontario-Canada Emergency Commercial Rent Assistance program (OCECRA). Most of the programs in the Manitoulin-Sudbury District Services Board area would not be impacted by rental costs given that local School Boards have already waived fees as they are located in schools. Current provincial funding can be used for any unfunded balance for rent as well as for a pre-determined list of fixed costs that each operator must submit to Early Years Division for approval.

The second strategy dictates that Early Years operators who have incurred salary costs throughout the emergency order must immediately apply for federal assistance programs and/or the Canada Emergency Wage Subsidy retroactively to March 15, 2020. In order to be successful in doing so, the providers need to advise the Federal Government that they have not received any funding from the DSB because it is being recovered by the province through the DSB for the period of March 15 to May 31.

The March 21 [memo](#) provided direction from the Ministry of Education to continue to fund all programs so that staff would not have to be laid off and would be ready to go back to work quickly and support the forthcoming economic recovery plan.

Challenges

The challenge for the Manitoulin-Sudbury DSB is two-fold:

The province has stated that any commitment by the DSB to top-up funding for salaries since March 15, 2020, must be done with municipal budget allocations for providers that qualify for federal wage subsidy. Upon receipt of this information, DSB staff met with all service providers on May 13, 2020 to give notice that effective immediately no further funding would be issued while programs are not in operation. Without retroactive support local programs will suffer deficits and risk potential closure. The DSB immediately began determining the impact of the reconciliation process with all providers.

The second challenge becomes how programs move forward with no provincial dollars to provide the 25% top up recommended through the CEWS.

Financial Implications

Based on reporting from providers to date, there is a potential financial implication of up to \$195,000 for the period March 16 to May 16, 2020.

The Manitoulin-Sudbury DSB's 100% provincial allocation for the 2020 calendar year has increased by \$634,052. This increase has resulted in a corresponding increase to

administration in the amount of \$63,405. In addition, staff are estimating municipal fee subsidy savings for 5 1/2 months in the amount of \$76,869. This leaves a shortfall of \$54,725. Staff are still working to firm up actual numbers, but staff believe that the DSB can manage this within 2020 DSB budget and within 2020 provincial allocations. Staff are hoping that the province will revisit their decision.

The system as a whole will experience substantial disruption should the DSB not provide retroactive funding supports for the period March 16 to May 16th, 2020, providers will be responsible for the period beyond May 16th until the system is reopened.

EarlyON Child Care and Family Centres

While all local EarlyON Child and Family Centres closed under the Emergency Order, some of them have continued to provide a variety of online/virtual programming and activities for families to participate in and connect with staff and other parents. Provincial funding can continue to be provided for salaries based on days/hours staff actually worked. This will be part of the reconciliation process

Risks

Moving forward, this will create a lot of pressure in the north. Supporting our providers during this pandemic is essential and staff need to ensure that they stay open and provide services to parents and families in our district.

Conclusion

Access to quality and timely childcare is critical for the local, provincial, and national economic recovery plan. To ensure the local system remains intact post pandemic, staff strongly believe that failure to implement the recommendation to retroactively cover the wage variance in the absence of a strong provincial partner is the best option.

Staff are recommending that the Board approve the retroactive payment to providers for the period of March 16 to May 16, 2020 provided any payments do not exceed the 2020 DSB Budget. In addition the Board confirm that the DSB will not fund providers after May 16, 2020.

Staff will work with providers to determine what pressures exist for any periods after May 16, 2020 and will report back to the board.

On May 26, 2020, the Northern Ontario Service Deliverers Association (NOSDA) sent a [letter](#) to the Minister of Education expressing concerns of the Northern Service System Managers. Staff are recommending the Board fully endorse the NOSDA letter and ask the Minister to rescind the decision communicated in the May 11 communication.