

Joint Social and Housing Services Advisory Committee

REPORT JAC2025-03

Meeting Date: February 19, 2025

Meeting Time: 1:30 p.m.

Meeting Place: County of Haliburton Council Chambers, 11 Newcastle Street, Minden and Electronic Video Meeting

Subject: Children's Services Funding Update

**Author Name and Title: Janine Mitchell, Human Services Manager,
Social Services**

Recommendation(s):

Resolved That Report JAC2025-03, "Children's Services Funding Update", be received.

Director

Other

Background:

As reported in previous JAC meetings, the report provides members with an overview of the changes given the execution of the new funding model for Children's Services.

On August 1, 2024 the Ministry of Education released the new cost based funding approach that came into effect January 1, 2025. Cost based funding provides support for operating costs for licensed centre and home based child care providers participating in the Canada Wide Early Learning and Child Care Plan (CWELCC) for the delivery of child care to CWELCC-eligible children (children aged 0 – 5).

November 26, 2024 the province released the completed updated and re-organized Funding Guidelines and informed municipalities of the high level funding allocations for 2025. The guidelines provide information about the funding parameters and related program requirements.

December 20, 2024 the province released our detailed 2025 Ministry funding schedules and updated guidelines. The funding schedules include detailed information about funding allocations for each program and funding source, including municipal cost shared requirements.

Traditionally municipal cost shares were allocated across several different programs (programs now funded through Local Priorities). In this model, the ministry identified the minimum municipal contributions including a specific amount for administration. Children's Services allocated the remaining municipal contribution according to historical allocations and program location. Beginning in 2025, the Ministry has now determined the minimum municipal allocation required for each stream of funding.

The funding allocations/requirements for 2025 are now divided into three streams of funding: i) Cost Based Funding Allocations, ii) Local Priorities and iii) Infrastructure programs.

i) Cost Based Funding Allocations

CWELCC funding is now allocated under Cost Based Funding and is a combination of Federal, Provincial and Municipal funding. The funding provides a base funding to support participating programs providing care for children 0 – 5 years of age. Cost Based Funding is determined by a complex funding formula based on provincial benchmarks for a number of categories including staffing, accommodation and operational costs which are then adjusted by a geographic

factor. This funding stream now includes a mandatory municipal contribution totaling over 60% of our total budgeted municipal allocation.

Under this funding stream, the Ministry made it a priority to ensure that previously funded and CWELCC participating providers would not experience significant financial difficulties as a result of the new funding formula and included in the funding is the potential for a provider to receive "legacy" funding. Legacy funding is a Ministry formula that calculates an amount of funding an agency could be eligible to receive if the new cost based funding is not sufficient to meet their approved and eligible financial needs. The legacy funding becomes a rolling top up for each subsequent year.

Agencies not participating in CWELCC are no longer eligible to receive **any** provincial or federal funding through municipalities, including general operating and fee subsidy. This does not apply to providers in Kawartha Lakes or the County as all of our service providers are participating in CWELCC.

ii) Local Priorities

This funding stream partially supports the operational costs for child care serving children 6 – 12, services for children with special needs and the fee subsidy program. Municipalities have the authority within the guidelines to determine how funds are allocated. Additionally this program supports professional learning and capacity building for children 0 – 12 years.

iii) Infrastructure Programs

This funding stream supports the allocation of start-up grants to support the creation of new child care spaces for approved programs for children 0 – 5 in targeted locations and for populations most in need. Eligible expenses include play-based materials, equipment and furnishings, non-consumable supplies, renovations, additions or repairs, changes to outdoor play space and leasehold improvements.

Rational

Between November 26 and December 20, 2024, Children's Services staff completed a detailed review and analysis of the new guidelines and funding schedules Cost Based Funding Allocations for the cost based funding allocations to determine the potential impact on programs and services.

i) Cost Based Funding Allocations

Staff re-calculated the funding allocations for each service provider under the updated formula and did a comparison to funding received prior to the updated formula and determined full impact to our service providers.

Staff met with each provider individually to review in detail the potential allocations for each site, identify issues and opportunities and provide high level information and clarity on the new guidelines. Staff reviewed the revised service provider application/budget template and process to receive 2025 funding. Service providers were then required to submit their revised applications for funding.

Staffs priority in the review of the revised and updated budget submissions was to ensure that our service providers would receive all possible eligible funding available to them. We can confirm that our service providers will receive sufficient cost based funding (or a combination of cost based and legacy funding) to meet their financial operational needs in 2025.

Service providers have communicated that the individual sessions were extremely helpful and informative. This helped them feel better prepared and accepting of the change to the new formula. Staff can verify that the service provider budget submissions for 2025 were financially sound and required fewer adjustments than in past years.

ii) Local Priorities

The changes to where the 100% municipal dollars are allocated did impact both service providers and the services offered under local priorities. Staff had to reduce the programs under local priorities by a total of \$412,981, or just over 10% of the total funding to comply with the new requirements.

Staff completed analysis of service provider performance and needs from previous years and revised allocations to best meet the needs of children. Special Needs Resourcing programs and services, operating costs to support children 6 – 12, the Fee Subsidy program and our programs to support professional development all received reductions in allocations.

The reduction in funding for Special Needs Resourcing may result in reduced staffing and therefore will reduce the number of children served. Programs providing care for school age children may increase their daily parental fees in order to remain viable.

While there have been reduced funding allocations for the fee subsidy program, staff are confident we will have sufficient funds to meet our needs. Staff are concerned that with the implementation of CWELCC, families who are in need of

fee subsidy, have more difficulty finding a licensed child care space. To mitigate this, staff are working in partnership with a service provider on a pilot project in 2025 that would see a number of spaces allocated specifically for families eligible for fee subsidy.

Financial/Operation Impacts:

The funding allocations did result in changes to the 2025 City of Kawartha Lakes approved child care budget. The 2025 budget was built on the previous revenue replacement formula that was still in effect at the time of completing the budget (early fall, 2024). Children's Services staff have prepared updated financial information for finance staff. There are no net impacts on the total approved municipal cost shares.

Program Area	Approved 2025 Budget	Revised 2025 Budget	Net Difference
Administration	\$769,108	\$769,108	\$0
General Operating	\$1,498,117	\$1,304,052	-\$194,065
Child Care Fee Subsidy	\$927,326	\$815,000	-\$112,326
Special Needs Resourcing	\$1,460,757	\$1,359,467	-\$101,290
EarlyON Centre	\$1,268,919	\$1,268,919	\$0
CWELCC	\$16,431,111	\$16,844,092	\$412,981
	\$22,355,338.00	\$22,360,638.00	\$5,300

As identified in this report, the reduction in funding under Special Needs Resources and the Early Learning Quality Initiative will have an impact on service provision and staff are working with agencies on those adjustments.

Consultations:

Human Services Staff
Ministry of Children, Community and Social Services

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