

January 29, 2024

Hon. Stephen Lecce

Minister of Education

5th Floor, 438 University Ave.

Toronto, Ontario

M7A 2A5

Sent by email to: Stephen.Lecce@pc.ola.org

Re: Reduction in Early Years and Child Care Administrative Funding

Dear Minister Lecce,

The Ontario Municipal Social Services Association (OMSSA) and its members who make up the 47 Ontario's Consolidated Municipal Service Managers (CMSMs) and District Social Services Administration Boards (DSSABs) want to thank you and our government for its leadership in making the Canada-Wide Early Learning & Child Care a reality for families and communities in Ontario.

We also want to acknowledge the hard work of Holly Moran and staff at the Ministry and the support they continue to provide Municipal Service Managers as the sector transitions through this significant change.

We are confident that by working in true partnership, the Province and Municipalities can and will ensure a full and successful implementation of the Canada-Wide Early Learning & Child Care (CWELCC) program in Ontario. Further, that by understanding each other's pressures and challenges and working together through them, that the planned child care spaces expansion plans will be fully developed.

Ontario's CMSMs and DSSABs are concerned with approximately \$85.5M in administrative reductions announced in December 2023. This announcement comes as a surprise to many Service Managers and will have a negative impact on municipal budgets and risks successful implementation of CWELCC in Ontario.

As the Ministry has seen in recent months, the sector needs strong Municipal Service Managers who will be able to provide supports to operators through this significant transitional phase, who will hold operators accountable for agreed upon targets and remove the politics from the real work that needs to be done in the community and for the families that are counting on the Province and Municipalities to get this right.

The reductions to CMSMs and DSSABs has inadvertently signaled a weakening relationship between the Ministry and Municipal Service Managers and is introducing a layer of volatility into the sector that is not needed or desired.

OMSSA's Board of Directors is requesting a meeting to further discuss these changes with yourself, Deputy Minister Kate Manson-Smith, and Assistant Deputy Minister Holly Moran.

Background and Context:

Ontario is unique within Canada in that 47 municipal CMSMs and DSSABs are the Service System Managers for early years and child care. Service System Managers play a central role in the planning, funding, administration, and operation of early years and licensed child care services.

The Federal-Provincial CWELCC agreement, with a \$13.2B federal allocation to Ontario over five years, allows for a 10% administration threshold. The standard administration allocation for most provincial programs is 10%. Service System Managers are required to implement CWELCC and transform the existing system.

In 2019, the Province of Ontario signaled that pre-CWELCC administrative funding would be changed in two phases: first, by switching from 100% funded to a 50/50 provincial-municipal cost-share, and second, by reducing the threshold from 10% to 5%. These changes were temporarily deferred in 2019, and then further deferred given the pressures associated with managing the COVID-19 pandemic.

In 2021, the province instituted the first cost-share change, and in 2022, the second change related to the decrease in expenditure threshold. However, in response to the ongoing pandemic recovery, the province instituted a one-time transitional grant that completely offset the reduction in funding arising from these policy changes, up to and including the 2023 allocation.

In April 2022, a memo from the Ministry of Education stated that *“Administrative funding will be restored, as we recognize this is not the time to implement the previously announced funding cuts.”* In December 2023, the Ministry announced the administrative changes would be fully implemented with the expiry of the one-time transitional grant funding with an \$85.5M impact. Administration funding now represents 1% of the total allocation for CWELCC and is insufficient to manage the existing Early Years and Child Care system and implement the Federal-Ontario agreement that allows for up to 10% in administration support.

OMSSA calls on the Ministry of Education to reverse changes to administrative funding originally announced in 2019 and uphold its commitment communicated in April 2022 to restore the funding. One-time funding was helpful during the pandemic and recovery, but adequate and sustainable funding is required to support the implementation of CWELCC in Ontario.

Impact of Lost Funding and New Administrative Requirements:

Service System Managers face a total reduction in funding of \$85,500,000. Individually urban, suburban, rural, and Northern communities will see significant reductions in funding.

For example, in the City of Toronto, the total impact is \$24M. York Region will see a reduction of \$6.7M. The City of Ottawa's reduction is \$4.7M, the City of Hamilton's reduction is \$3.7M, Niagara Region's reduction is \$1.6M, Durham Region's reduction is \$3.7M, the City of Greater Sudbury's reduction is \$1.2M. In Norfolk County, the reduction is \$432,916. The County of Dufferin's reduction is \$180,000, and Rainy River DSSAB's reduction is \$222,479. All 47 CMSMs and DSSABs will see a reduction in funding.

CWELCC implementation brought additional requirements that did not exist prior to the announcement on administration reductions. Some examples of new requirements include:

- New CWELCC implementation and management, extensive communication and change management with the sector, multiple iterations of guidelines.
- New increased oversight of CWELCC child care (monitoring of accountability requirements and financial viability, compliance audits, etc.)
- Implementation of a new CWELCC funding formula and the extensive change management that will be required for child care providers.
- New municipal role in licensing requests and revisions.
- For emerging issues, develop and implement an application process.
- New Growth Plans as an addendum to Service Plans.
- New Access & Inclusion Framework requiring collaboration with service providers and new data reporting.
- New Cross Jurisdictional Fee Subsidy Agreements.
- New EarlyON Mental Health Initiatives.
- New CWELCC expansion targets and extensive recurring reporting requirements.

CMSMs and DSSABs continue to face increased administrative pressures in its role as Service System Manager, arising from the ongoing and prescribed implementation of the CWELCC system, as well as regulatory changes, and new and changing provincial direction for program delivery.

Risk to CWELCC Implementation:

Child care and early learning services are critical to the social and economic well-being of families and the community. Service Managers need to be supported with adequate and appropriate funding, tools and other resources to realize the success of the CWELCC implementation.

Timing of requirements must be adequate to achieve the intended objectives with reliable and fulsome data. Reductions in administrative funding will result in service delays and additional

costs to municipalities. It puts at risk successful and full implementation which will have a negative impact on children and their families.

The ability to implement the new policies and programs is contingent upon corresponding administration. Without adequate and sustainable funding, CMSMs and DSSABs will need to prioritize delivery based on funding. With increased administration and requirements associated with the CWELCC implementation, now is not the time, nor it is appropriate, to reduce funding to CMSMs and DSSABs.

The provincial government must follow through on the commitment it made in 2022 and fully restore this funding. An examination of the need for increasing service system planning resources must also be included the Program Review in 2024 to determine what is needed going forward.

Partnership between Municipalities and the Province of Ontario on Early Years and Child Care:

OMSSA and its Members appreciate the partnership and consultation that has occurred over early years and child care initiatives in Ontario.

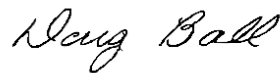
The scope of child care and early learning services provided by municipalities has increased over time and the lingering effects of the pandemic are still putting financial pressures on municipal budgets. Municipalities are facing fiscal challenges and can only raise money through property tax increases and user fees. Our members cannot run deficits and cannot afford any downloading or reductions in funding.

OMSSA and its Members respectfully ask the Ministry of Education to reconsider these administrative funding changes. We request to further discuss this issue ahead of the upcoming Ontario Budget. OMSSA and its Members stand committed to our provincial partnership and goal to fully implement CWELCC across the Province of Ontario.

Sincerely,



Henry Wall
President



Doug Ball
Executive Director

CC :

Kate Manson-Smith, Deputy Minister of Education

Holly Moran, Assistant Deputy Minister of Education

Hon. Jenna Sudds, Minister of Families, Children and Social Development