

# DSB calls on province to reverse child care centre funds claw-back

By Tom Sasvari - June 5, 2020



ESPANOLA – Unless the province reverses its decision to claw back funds from child care centres effective March 15, this could destabilize the child care system municipalities have worked so hard to build to support their local communities. This was the message that came from members of the Manitoulin-Sudbury District Services Board (DSB) last week.

Donna Stewart, director of integrated social services told the board at a meeting last week, “we had received a letter on March 21, 2020, from the Ministry of Education advising service system managers “to continue to flow funding to child care centres and agencies and keep them whole. It said, 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, said Ms. Stewart. “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, the province announced their plan to support parents by protecting child care spaces pending their return to work,” said Ms. Stewart. “The intent is that families can re-enter the workforce knowing that local centres will be accessible and safe.” However, “on May 11, (DSB) received a Ministry of Education communication 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 operation 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.”



The board was informed that on May 11, the province removed its funding retroactively to March 15 and asked child care providers to apply for the Emergency Commercial Rent Assistance Program and the Canada Emergency Wage Subsidy (CEWS).

That leaves 25 percent to 35 percent of the actual costs to be paid directly by non-profit child care providers or covered by the DSB municipal dollars.

"Non-profit child care providers do not have the financial stability to absorb all these costs and if left unchecked this could destabilize the child care system we have worked so hard to build over the years," said DSB CAO Fern Dominelli. "We understand the province wants to take full advantage of any federal dollars but that cannot be on the backs of non-profit child care providers or municipalities."

"The directive provides a challenge for the (DSB)," said Ms. Stewart. She explained 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 percent top up recommended through the CEWS. 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," said Ms. Stewart.

"The Manitoulin-Sudbury DSB's 100 percent provincial allocation for the 2020 calendar year has increased by \$634,052," continued Ms. Stewart. "This increase has resulted in a corresponding increase to administration in the amount of \$63,405. In addition, staff are estimating municipal fee subsidy saving for five-and-a-half 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 budgets and within 2020 provincial allocations. Staff are hoping 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-May 16, 2020; providers will be responsible for the period beyond May 16 until the system is reopened, said Ms. Stewart.

"Access to quality and timely childcare is critical for the local, provincial and national economic recovery plan," said Ms. Stewart. "To ensure the local system remains intact post pandemic, staff strongly believe that failure to implement the recommendation to retroactively cover the wage variances 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-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 is also asking that the board carry a motion in favour of the NOSDA (Northern Ontario Service Deliverers Association) letter (to the Ministry of Education) expressing concern with the funding issues and ask the minister to rescind the decision communicated in the May 11 communication” said Mr. Dominelli.

The board passed a motion in favour of the recommendations that were made by DSB staff.

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