



Report To:	DSB Program Planning Committee
From:	Donna Moroso, Director of Integrated Social Services Lori Clark, Children's Program Supervisor
Date:	April 22, 2015
Re:	Child Care Funding Formula – Issue Report

Report:

Purpose

To inform the Program Planning Committee and the Board that the child care funding formula over the past three years has not been consistent and transparent.

Background

The child care funding formula prior to 2013 was outdated and unreflective of demand. As a result of using data elements which were over 20 years old, the previous formula was not responsive to changing demographics and pressures in growth areas. In addition, the previous funding framework was complex, administratively burdensome, and lacked transparency and accountability.

Purpose

To support greater transparency for system users, this report contains details of the underlying formulas and other criteria used in calculating the 2014 and 2015 child care funding allocations.

The child care funding formula is based on data elements which are publicly available, such as Low Income Cut Off (LICO) indicators, Population of Ontario, and Statistics Canada measures of the Level of Education Attainment and Knowledge of an Official Language.

Objectives

The funding formula data elements are used to calculate each CMSM's/DSSAB's share of the funding in each component. In the 2013 and 2014 iterations of the Child Care Funding Formula, the ministry used a percentage calculation methodology to determine each CMSM's/DSSAB's share of child care funding.

Each year, when the ministry updates the funding formula data, there are redistributive changes in each CMSM's/DSSAB's share of the funding formula data elements due to changes in demographic data.

In 2013 and 2014, it was difficult for CMSM's/DSSAB's to predict future funding since they were unable to determine their percentage share of the various data elements in the Child Care Funding Formula.

In 2015, according to the Ministry of Education, the Child Care Funding Formula is based on broad objectives such as efficiency, responsiveness, predictability and transparency, quality and accountability. CMSMs/DSSABs have noted that in order to support multi-year service planning the current Child Care Funding Formula needs to be more predictable and transparent. In response to this feedback the Ministry of Education introduced benchmarks for each of the existing data elements comprising the child care funding formula.

In this benchmark based model, allocations for a funding formula's components are based on, for example, a 'dollar per child' value determined by the ministry. Under a benchmark based funding model:

- if the number of children increases in a particular region, the funding received also increases, but it does so independently of the other 46 CMSM's and DSSAB's in the province;
- if the ministry receives additional child care funding, it will be able to raise the funding formula benchmarks or create a new grant line;
- if demographic changes create a pressure on the ministry's child care budget, the benchmarks may decrease as the formula is not an open ended entitlement.

The 2015 Child Care Funding Formula benchmarks are based on 2014 allocations and underlying data. Once the benchmarks are established, the new investment of \$44.5 million in 2015 in child care funding was first used to address changes in demographic data, followed by an overall benchmark increase of approximately 4%.

Due to the introduction of benchmarks, CMSM's/DSSAB's allocations in 2015 and onward will no longer be based on percentage shares relative to the percentage share of the other forty-six CMSM's/DSSAB's, instead they will be based purely on demographic data and the funding benchmarks.

Analysis

Some CMSM's/DSSAB's that are part of the Northern Ontario Service Deliverers Association (NOSDA) are raising concerns as the change in the Child Care Funding Formula has resulted in their allocations being significantly decreased. The chart below will demonstrate the change in Child Care Funding Allocation from 2013, 2014 and 2015 across Northern Ontario.

CMSM/DSSAB	2015	2014	2013
City of Greater Sudbury	\$15,758,251	\$15,758,251	\$15,758,251
District Municipality of Muskoka	\$3,489,112	\$ 3,479,417	\$ 3,267,414
Algoma DSSAB	\$3,807,383	\$ 4,085,725	\$ 3,887,758
Cochrane DSSAB	\$7,651,246	\$ 6,896,977	\$ 6,944,019
Nipissing DSSAB	\$7,618,185	\$ 6,989,499	\$ 6,986,991
Parry Sound DSSAB	\$4,116,091	\$ 4,226,707	\$ 4,024,128
Sault Ste. Marie DSSAB	\$5,705,044	\$ 5,581,592	\$ 5,581,593
Timiskaming DSSAB	\$5,749,005	\$ 5,759,339	\$ 5,746,899
Kenora DSSAB	\$5,368,951	\$ 5,307,806	\$ 5,164,814
Manitoulin-Sudbury DSB	\$4,143,493	\$ 4,022,263	\$ 3,696,196
Rainy River DSSAB	\$2,552,352	\$ 3,130,089	\$ 2,855,002
Thunder Bay DSSAB	\$10,575,417	\$ 9,391,102	\$ 9,364,349
NOSDA Total	\$76,534,530	\$74,628,767	\$73,277,414
Without Muskoka	\$73,045,418	\$71,149,350	\$70,010,000

The next chart below demonstrates the comparison of 2015 to 2014 funding across Northern Ontario. The data is pulled from Ministry documents.

CMSM/DSSAB	2015 Funding*	2014 Funding	Increase (decrease) in funding**
City of Greater Sudbury	\$15,758,251	\$15,758,251	\$ -
Algoma DSSAB	\$ 3,807,383	\$ 4,085,725	\$ (278,342)
Cochrane DSSAB	\$ 7,651,246	\$ 6,896,977	\$ 754,269
Nipissing DSSAB	\$ 7,618,185	\$ 6,989,499	\$ 628,686
Parry Sound DSSAB	\$ 4,116,091	\$ 4,226,707	\$ (110,616)
Sault St Marie DSSAB	\$ 5,705,044	\$ 5,581,592	\$ 123,452
Timiskaming DSSAB	\$ 5,749,005	\$ 5,759,339	\$ (10,334)
Kenora DSSAB	\$ 5,368,951	\$ 5,307,806	\$ 61,145
Manitoulin-Sudbury DSB	\$ 4,143,493	\$ 4,022,263	\$ 121,230
Rainy River DSSAB	\$ 2,552,352	\$ 3,130,089	\$ (577,737)
Thunder Bay DSSAB	\$10,575,417	\$ 9,391,102	\$ 1,184,315
TOTAL	\$73,045,418	\$71,149,350	\$ 1,896,068

* Changes in funding are tied to updated demographic data, per Ministry memo.

** An additional 44.5 million was allocated in child care funding for 2015

Conclusion

Staff are concerned about the volatility in the updated Ministry of Education funding formula. It also appears to be affecting smaller CMSM's/DSSAB's negatively based on the chart above. Initially CMSM's/DSSAB's were lead to believe that the original formula would not cause volatile changes in funding and service planning could be predictable over the long term. Changes in funding were to be gradual over a number of years.

Based on the changes in 2015, NOSDA members are concerned that there are some serious implications to program planning when the Child Care Funding Formula isn't predicable and transparent. NOSDA will be bringing these concerns to the Ministry of Education. Staff will provide the Board more information as it becomes available.