



COUNTY OF WELLINGTON

COMMITTEE REPORT

CEYD-23-05

To: Chair and Members of the Social Services Committee
From: Mandy Koroniak, Director of Children's Early Years Division
Date: Wednesday, May 10, 2023
Subject: **New Canada-wide Early Learning and Child Care Funding Formula**

Background:

In 2022 and 2023, the Ministry of Education's funding model for child care programmes enrolled in the Canada-wide Early Learning and Child Care (CWELCC) System utilized a revenue replacement of parent fees approach to support the implementation of fee reductions for eligible children in licensed child care settings as well as to support workforce compensation for Registered Early Childhood Educators (RECEs) who are low wage earners. The ministry had, in its 2023 CWELCC Guidelines, indicated that it would move towards a cost-based funding formula for 2024 in order to support clarity and transparency in allocating child care funds for the CWELCC System.

Update:

On April 5, 2023, the ministry released a CWELCC 2024 Child Care Funding Formula Discussion Paper to service system managers and licensed child care operators. The discussion paper demonstrates that the funding formula is being informed by data collected by the Ministry of Education through a mini-survey of child care operators enrolled in the CWELCC System and of service system managers that took place in February-March 2023, and through its annual child care operator survey.

The ministry is inviting initial feedback on the preliminary development of the new funding formula through the discussion paper with a deadline of May 5, 2023. The ministry highlights that the information provided in the discussion paper should not be interpreted as government direction on the final 2024 CWELCC funding formula as it is subject to further refinement and the government's approval process.

The grant-based approach outlined in the discussion paper suggests however, that a high level of structure may govern the funding formula and will limit the ability of service system managers to flexibly apply funding in a manner that meets local needs and priorities. Ongoing transformation of the child care system is additionally expected to require significant administrative effort and it is uncertain how the new funding formula will impact current levels of funding, including administration funding.

The new CWELCC funding formula is intended to include six grants that, together with offsets of municipal contributions and parent fees, will constitute the allocation to service system managers. It will also streamline and replace all existing child care grants, including the Wage Enhancement Grant and Wellington General Operating Grant, and will be applied to child care operators that have enrolled in the CWELCC System for the portion of their business that serves eligible children. Based on the information provided in the new funding formula discussion paper, it is unknown how the Wellington

General Operating Grant, which currently supports most of the operating categories listed below, will be included in the new CWELCC grants. The existing funding mechanisms for licensed child care for children age 6 to 12 years old and EarlyON Child and Family Centres will continue to apply outside of this new funding formula.

The six grants identified in the discussion paper are:

Programme Staffing Grant

The Programme Staffing Grant is intended to support the wages and benefits of programme staff and programme supply staff working in participating licensed child care centres serving eligible children. It would be based on the ratios of employees to children required under O. Reg 137/15 s. 1, of the *Child Care and Early Years Act, 2014* adjusted for length of programme (day and year), as well as coverage during absences.

The staffing grants will include provincial minimum wage increases (if applicable), the existing 100% provincial Wage Enhancement Grant, the 100% federal CWELCC wage enhancements, annual wage cost increases and benefits. The current CWELCC Guidelines specify an annual wage increase of \$1/hour for RECE programme staff, to a cap of \$25/hour, however these details are not specified in the new funding formula discussion paper. The staffing grant will be dependent on the operational capacity of child care centres and the compensation cost per hour would be determined based on the average salary information from the ministry's most recent annual child care operator survey (this is intended to represent existing salaries of staff).

Programme Leadership Grant

The Programme Leadership Grant is intended to support the salaries and benefits of the supervisor working in the child care centres and would be based on required supervisory staff under O. Reg 137/15, s. 6.(4) of the *Child Care and Early Years Act, 2014* adjusted with a top-up for small child care centres as well as coverage during absences.

The Programme Leadership Grant will include the existing 100% provincial Wage Enhancement Grant, the 100% federal CWELCC wage enhancements, as well as annual wage cost increases and benefits. The current CWELCC Guidelines specify an annual wage increase of \$1/hour for RECE supervisors staff, to a cap of \$25/hour, however these details are not specified in the new funding formula discussion paper. The compensation cost per hour would be determined based on the average salary information from the ministry's most recent annual child care operator survey (this is intended to represent existing salaries of staff).

Operations Grant

The Operations Grant is intended to support the operating costs of child care centres, for example, cleaning, utilities, food, supplies, office expenses and operating maintenance (for example, snow removal, landscaping, painting and electrical repairs). It would also support the salaries and benefits for other staff not supported through the Programme Staffing Grant or the Programme Leadership Grant for example, cooks, bookkeepers.

The Operations Grant is planned to include two allocations, based on the type of setting where the child care centre operates: an allocation for child care centres in schools and an allocation for child

care centres in community spaces. The Operations Grant for child care centres in schools is to fund operating costs paid to school boards, using square metre as the basis and other operating costs such as food, equipment and supplies, using licensed spaces as the basis. The Operations Grant for child care centres in community spaces is to be funded using a single benchmark of per-licensed-space.

Accommodation Grant

The Accommodation Grant is intended to support accommodation costs of child care centres, for example, mortgage/lease/rent, parking, storage, property taxes and capital maintenance, such as renovations, improvements and upgrades.

The Accommodation Grant is planned to include two allocations, based on the type of setting where the child care centre operates: an allocation for child care centres in schools and an allocation for child care centres in community spaces. The Accommodation Grant for child care centres in schools is intended to support capital renewal and maintenance costs and is expected to consider the gross floor area occupied by the child care centre in the school, the facility location and age of the building, and the school location. The Accommodation Grant for child care centres in community spaces is intended to support costs such as rent, mortgage payments, property tax, capital renewal, and capital maintenance and is to be based on a benchmark based on annual market rent costs per square metre and the gross floor area of the centre.

Home Child Care Grant

The Home Child Care Grant is intended to support licensed home child care agencies and is to be provided to home child care agencies dependent on operational capacity. The home child care grant would include three allocations: a home child care provider compensation allocation, a home visitor salaries and benefits allocation, and an agency operations allocation. It is indicated that the Home Child Care Grant will consider existing average daily compensation to home child care providers, including the existing provincial Home Child Care Enhancement Grant.

Service System Management Administration Grant

The Service System Management Administration Grant is intended to support service system managers in their role and their administrative costs related to the CWELCC programme and child care services for the birth to 5 age group. The ministry indicates that while the funding formula is under development, to be further informed by the mini-survey, it is considering allocating a base amount of funding per service system manager and also including an amount per child care operator enrolled in CWELCC that the service system manager oversees.

It is anticipated the new CWELCC funding formula will be received from the ministry in time to plan for the 2024 child care and early years budget and to adjust 2024 allocations to child care operators. Staff will continue to keep Committee and Council updated on the development of new CWELCC funding formula as more information is received.

Financial Implications:

The CWELCC 2024 Child Care Funding Formula Discussion Paper provides high level information on the structure of the funding formula being considered. Several pieces of the formula are still in development. It is noted that these grants will calculate gross funding entitlements to service system managers before municipal contributions and parent fees are deducted as offsets, but any changes to the levels of mandated municipal contributions have not yet been specified. At this time, it is unclear what the implications of this funding formula may be on the 2024 municipal Children's Early Years budget, however all impacts will be included in the 2024 budget process.

Recommendation:

That the report, New Canada-wide Early Learning and Child Care Funding Formula, be received for information.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "M. Koroniak". The signature is fluid and cursive, with the first letter of each word being capitalized and prominent.

Mandy Koroniak
Director of Children's Early Years Division