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Report 2024-134

Report Title: Canada-wide Early Learning and Child Care Expansion Plan Update

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Report Not Considered by Standing Committee Because:

- Time-sensitive Issue (information received too late for Committee consideration)
- Urgent Matter (issue arose after this month's Committee meeting)
- Other

Strategic Plan Priorities: Innovate for Service Excellence
 Ignite Economic Opportunity
 Foster a Thriving Community
 Propel Sustainable Growth
 Champion a Vibrant Future

Recommendation

"That County Council receive Report 2024-134 'Canada-Wide Early Learning and Child Care Expansion Plan Update', for information."

Purpose

The purpose of this report is to provide an update on the progress of Northumberland County's Access and Inclusion Direct Growth Strategy Expansion Plan's projects.

Background

Ontario's vision for the Canada-Wide Early Learning and Child Care (CWELCC) system is for more families in Ontario to have access to high quality, affordable, flexible, and inclusive early learning and child care no matter where they live. Under the CWELCC agreement with the Government of Canada, Ontario has been funded to support the creation of 86,000 new licensed child care spaces (relative to 2019) by December 2026. Since 2019, 33,000 new spaces have become operational, with another 53,000 spaces to be created.

Under the Access and Inclusion Framework, the Ministry of Education (MEDU) developed a model to allocate funding for new spaces for children aged 0-5 with a focus on improving equity of access by working toward a common provincial access ratio of 37%. The MEDU tasked each Social Service Manager (SSM) to complete a CWELCC Directed Growth Plan on December 19th, 2022 with the plan due to MEDU by January 20th, 2023.

As per MEDU direction, Northumberland's Directed Growth Plan identified priority neighbourhoods for targeted licensed child care expansion. The plan was based on available data and incorporates such factors as existing child care capacity, demographics, socio-economic indicators, official language minorities, and capacity for growth. The rankings for each factor were combined to determine where to prioritize new child care spaces. As per the Directed Growth Plan, the neighbourhood rankings for Northumberland County, from highest to lowest priority, are:

- Cobourg
- Trent Hills
- Port Hope
- Brighton
- Alnwick/Haldimand
- Cramahe
- Hamilton

In May 2023, the MEDUs initial notional space allocation for Northumberland County was to create 310 spaces (74 school based and 236 community based). As per MEDU practice, this allocation has since been updated to 404 spaces (59 school based and 345 community based).

While Northumberland County recognizes that all of our communities have unique needs and demands relating to child care, this expansion program is meant to prioritize spaces to neighborhoods that have been traditionally underserved and/or have high populations of Ministry identified groups. However, all opportunities will be reviewed to consider all options that best serve our communities while being economically feasible. The creation of centre-based spaces is subject to the availability of existing buildings within the priority areas that meet the requirements of a licensed child care program. Details relating to the building requirements for licensed child care centres can be found in the *Child Care and Early Years Act (CCEYA)* and are subject to the approval of licensing, municipal by-laws, public health requirements as well as building and fire codes. While the focus is on the priority neighbourhoods, it is understood that

some areas will have more opportunity to grow within Northumberland's allocated 404 CWELCC funded spaces. Northumberland's Directed Growth Plan further indicates that operators with active service agreements with the County will receive first consideration for expansion.

Ministry Impacts to the Implementation of the Directed Growth Expansion

- It was difficult for the operators and the Early Years Team to plan for new sites with the uncertainty of the new MEDU funding model. Specifically, the uncertainty regarding funding amounts and direction for capital and ongoing programming costs. The incomplete guidelines for the new funding model were released to SSMs on August 1st, 2024 and to operators on September 9th. The Team is examining the model to determine financial projections in absence of the complete funding guidelines. The County Believes based on updated costing, there will be sufficient funding available to support the new programs. However, the 2025 funding guidelines have not been fully released leaving a component of uncertainty.
- There are limited staff resources for supporting the oversight of the expansion projects. County staff who are involved with the planning and execution of these projects are assuming unsustainable increases in workload. This is further impacted by the continual changes to administration funding that is often one-time or time restrictive. With the restrictive administrative funding it is difficult to hire and train skilled staff. SSMs have requested that MEDU consider providing regular ongoing funding to support the implementation and ongoing management of the CWELCC program to sustain growth in the sector.
- Frequent changes to Ministry guidelines and updates to allocated funding make it difficult to plan future projects. Initial decisions for expansion projects are based on point-in-time guidelines and available funding. Allocated funds for the expansion projects were initially considered to be fair and equitable per space. However, it was acknowledged that some projects required additional funding that the Early Years Team and the operators would need to secure from other sources. As such, the initial Start Up Grant funding allocated for these projects has been updated multiple times based on changes to project needs and MEDU funding.
 - Initial Start Up Grant Funding and guidelines were announced in June 2023. Service agreement amendments were made with associated providers by December 31 to secure the 2023 funding.
 - In November 2023, the MEDU released the 2024 funding and updated guidelines.
 - In March 2024, additional funding and more updates to the guidelines were provided to SSMs.
 - Originally, eligible centre-based applicants had an opportunity to receive a grant of up to \$90 per square foot of new licensed space, capped at \$350,000 for every 50 child care spaces created (i.e., \$7,000 per space). The Start Up Guidelines have been updated since their first release with the last update being March 2024. The \$90 per square foot cap has been removed. The \$350,000 cap per 50 spaces has now been reduced to \$350,000 per 20 spaces (i.e., \$17,500 per space). Although, MEDU is using the \$9,000 per space, not the \$17,500 to calculate SSM funding. Currently. As per the Financial Impact section table below, projects are estimating at \$15,000 per

space leaving a shortfall in Start Up Grant Funding. This aligns with the Ministry's direction that Start Up Grant was to provide assistance to expansion projects and not to cover all expenditures.

- Northumberland operators were made aware that new expansion projects may be funded differently based on available funding and guidelines at the time of initial project approval.

It is difficult for SSMs and partner agencies to adequately plan with funding and guidelines continually changing even if the updates are positive.

Completed, In Progress and Under Consideration Expansion Overview

CWELCC Approved Spaces				
Year	Spaces	License Setting	Municipality	Operator
2023	10	School-based	Brighton	Brighton Children's Centre
2024	70	Community	Port Hope	Ganarska Child Care Centre
	47	Community	Trent Hills	YMCA
	15	Community	Cobourg	YMCA *
2026	49	School-based	Cobourg	Conseil scolaire catholique MonAvenir
Total	191			
Remaining	213			
In Consideration				
Year	Spaces	License Setting	Municipality	Operator
2024	35	Community	Port Hope	Kinderlinx
2025	49	Community	Port Hope	YMCA
Submitted to MEDU for consideraion				
Year	Spaces	License Setting	Municipality	Operator
	49		Cobourg	Not yet approved - PVNCCDSB

* In NCIS but not school board led

Completed Update

The expansion of 10 infant spaces at Brighton Children's Centre (BCC) was approved prior to the implementation of CWELCC. However, these spaces will count towards the County's Directed Growth plan as they are new CWELCC funded spaces. The application to the MEDU for the Brighton capital expansion was a partnership between the Kawartha Pine Ridge District School Board (KPRDSB) and the County. The project was managed and funded primarily through the KPRDSB. The County provided operational flex funding to support toys and equipment for the new room. This expansion opened September 2023.

Overview of Capital Expansion Projects in Progress or Under Consideration

Update Northumberland Centre for Individual Studies (NCIS) – YMCA Operator

Similar to the expansion of the BCC, the NCIS 15 space family age grouping centre was approved prior to the implementation of CWELCC. The County is funding this project through operational flex funding. The centre was created as an outcome from the cancelation of the Young Moms Program that was a partnership with the KPRDSB, the County, the YMCA and other community partners. This new 15 space site will support both mothers and fathers by offering child care spaces and connections to programs and supports such as EarlyON Child and Family Centres. Students who are parents will have priority access to the spaces to support their completion of high school.

This project experienced some setbacks as initially the centre was to be incorporated as part of the school. Due to security concerns, the KPRDSB requested that the centre be self-contained. This meant additional renovations to incorporate a staff room and a staff washroom. The anticipated start date is Fall 2024.

Highlight of General Challenges Affecting Current Identified Expansion Projects Ruth Clarke - Ganaraska Child Care Operator, Warkworth and Canton – YMCA Operator

The MEDU impacts to the implementation of the Directed Growth Expansion Plan have been previously highlighted. These identified impacts affected the planning and development of all expansion projects requiring capital funding.

Initially, in spring 2023, the YMCA and Ganaraska Child Care (GCC) applied for Start Up Grant funding to support three projects. The Municipality of Port Hope (MPH) is the landlord for two of these projects, Ruth Clarke and Canton. In addition, YMCA purchased a building in Warkworth as the third project. Through initial discussions with the MPH, the YMCA and GCC, these three projects were deemed to be potentially viable projects. All three projects started design work to submit floor plans to be approved by the MEDU in November/December 2023.

2023 Start Up Funding was initially allocated equally based on proposed spaces as per architect designs and MEDU parameters. Start Up Funding and operational flex funding were allocated to achieve the recommended \$7,000 per space as per MEDU guidelines at the time. All parties were aware additional funding and /or resources would be required to complete the projects once all design work, approvals and official quotes were received. The County was aware the 2024 MEDU budget would include additional Start Up Grant funding available to support the projects as well as flex funding through the Early Learning and Child Care (ELCC) and One-time pockets of funding. The projects were deemed feasible with initial estimates and budgets, and all parties moved forward in good faith with County funding flexibility, operator contributions, and support from the MPH and other partners.

These projects experienced unanticipated issues after original quotes were received and in some cases after work had started. These issues needed to be addressed before planned construction could progress. These changes were due to MEDU licensing requirements, local public health requirements, fire and building codes and inspection approvals by all levels of government and Ministries. The Ruth Clarke and Warkworth projects had already started construction with issues arising that caused delays in construction and additional funding. While cost overages were anticipated, all parties have worked together to ensure the two projects were able to move forward.

It should be noted that both projects officially started the renovation processes in summer 2023. Both projects have similar trajectories and similar issues in being re-purposed for licensed child care. The MPH and GCC are still working through the lease. They are expected to open fall 2024 (before the end of the year). The goal was to open these spaces sooner, but it took longer than anticipated because of the identified challenges with construction, inspections and legislative requirements of several levels of government and Ministries. Ultimately the goal is to open licensed child care spaces that offer programs that are of high quality in a safe, secure and welcoming environment.

Two buildings in MPH were identified for possible child care expansion and initial focus was on the Ruth Clarke site as it was deemed to require the least amount of work to complete. The initial quote for Canton was received in August 2024. As noted on the chart above, the quote only involved lease hold improvements required for the interior of the building. There is still testing to be done on the water system as well as discussion regarding the septic system. Other exterior work includes such things as accessible sidewalks, retaining walls, concrete slabs for sheds, sheds, etc.

The County, the YMCA and the MPH require all information regarding the scope and cost of the work for the entire project to make an informed decision on its viability. Once the information is received, all parties will need to decide who funds each aspect, who completes work and if it is feasible. Discussion is required because several of these updates will support the entire building. As identified in the chart, this project already represents the highest cost per space, without including any of the exterior work.

All parties remain excited about the prospect of the Canton project. However, now that focus has moved to the Canton site, many unforeseen challenges are being identified due to the age and location of the building (building code, health, fire, etc.), as well as child care licensing requirements. This is making the project potentially cost prohibitive and unattainable. Communication has gone out from the MPH and the County indicating that this space was being considered for child care with the hopes to open in winter 2025. It would be unfortunate if the project is deemed unfeasible. The ultimate goal is to maximize funding to open spaces across all of Northumberland. The spaces will still need to be added whether in another location in Port Hope or somewhere else in the County.

Kinderlinx

Another location in Port Hope seeking approval to operate CWELCC funded spaces is Kinderlinx Child Care Centre operated by Officelinx. Kinderlinx is a for profit licensed child care centre that opened in 2023. It is licensed for 35 spaces for toddler/preschool aged children. Since the centre initially opted out of CWELCC, families pay unsubsidized fees. As a current operator in Northumberland, a completed Kinderlinx application would be considered once received. Also, as it is an already established centre, no Start Up or additional funding would be required. These 35 spaces, although not new, would count towards Northumberland's Directed Growth Plan as they would now be CWELCC funded spaces.

Conseil scolaire catholique MonAvenir

The Conseil scolaire catholique MonAvenir was approved to build a new school in Cobourg with a plan to open in 2026 that will include 49 CWELCC child care spaces for children infant to preschool.

Peterborough, Victoria, Northumberland, Clarington Catholic District School Board (PVNCCDSB)

PVNCCDSB has applied to the MEDU to either build a new school or add on to Notre Dame Catholic School in Cobourg. Part of the request included 49 child care spaces for infant, toddler and preschool. If approved, the spaces might be built after the 2026 deadline for the Growth Plan although important to mention the exciting possibility.

Consultations

The Early Years Team and the Early Years Financial Analyst continue to work closely with Northumberland's current early learning and child care partners on implementing the Directed Growth Plan. This is done through ongoing community consultations, targeted focus groups, and one-on-one discussions. The Early Years Team has ongoing discussions with the Director of Health and Human Services and the CAO. The Team is also seeking guidance with members of the Planning and Economic Development Team, Public Works Team, and Legal Counsel regarding renovation, construction, and lease negotiations. The Early Years Team and Early Years Partners continue to engage member municipalities, public agencies, and private companies regarding space and funding supports.

The County will be sending correspondence to MEDU requesting funding flexibility, to avoid potential claw back of 2023 Start Up funding. The three projects (Ruth Clarke, Canton and Warkworth) have service agreements signed in 2023, which per the 2023 guidelines requires them to be complete and open by the end of 2024. This request will be for direction to avoid claw back by securing 2023 funding to 2025 due to uncontrollable construction delays.

Legislative Authority / Risk Considerations

Early Years Services are governed by the *Early Years and Child Care Act*.

Discussion / Options

The goal of Northumberland's CWELCC Directed Growth Plan is to open 404 spaces by the end of 2026. Priority neighbourhoods will have first consideration, although all areas that have an available space that may be suitable for child care will be investigated. As identified in this report and previous reports to Council, the Start Up funding allocated has consistently been insufficient to support the renovation of spaces to the standard required to operate a licensed child care. The MEDU is aware and has communicated that Start Up funding was never meant to cover the full cost of renovating all allocated spaces. The flexibility the County currently has within certain funding pockets that are used to support expansion projects may be eliminated with the new funding model. Therefore, future expansion projects may need to access funds from carry over funding and/or reserve funding. Even though Northumberland's operators have been warned there may be less funds moving forward to support expansion. Wherever possible, the plan would be for the County to try to have some consistency of funding between projects to support all expansion projects across the County.

Financial Impact

Expansions projects are currently being managed by Start Up Grant Funding, operational flex funding, operator funding, and in-kind contributions. In 2025, it is anticipated that operational flex funding will not be available due to the new Ministry funding model.

Overview of Capital Expansion Projects in Progress or Under Consideration

Project	May 2024			October 2024			
	Expected Spaces	Start-Up Funding	Projected Budget	Start-Up + Flexible EY Funding	Operator funding	Projected Budget	Cost per unit
Ruth Clarke	70	\$476,172	\$634,000 *	\$680,000	\$30,000	\$710,000	\$10,143
Canton Hub	49	\$370,054	\$598,000 *	\$672,343	\$100,000 ***	\$772,343**	\$15,762**
Warkworth	47	\$364,488	\$434,000 *	\$473,000	\$249,188	\$722,188	\$15,366
NCIS	15			\$223,907		\$223,907	\$14,927
Total	181	\$1,210,715	\$1,666,000 *	\$2,049,250	\$379,188	\$2,428,438	

* Awaiting final quotations and budgets

** **Not including quote for exterior work - including septic system**

*** Under negotiation with operator

Member Municipality Impacts

Continue to seek opportunities to collaborate with member municipalities (space, funding support, etc.) to expand CWELCC allocated licensed child care spaces.

Conclusion / Outcomes

This report is provided for information purposes.

Attachments

N/A