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Report 2025-126

Report Title: Early Years 2025 Ministry of Education (MEDU) Funding and Directed Growth Update

Committee Name: Social Services

Committee Meeting Date: June 4, 2025

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Approved by: Jennifer Moore, CAO

Council Meeting Date: June 18, 2025

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

Recommendation

“That the Social Services Committee, having considered Report 2025-126 ‘Early Years 2025 Ministry of Education Funding and Directed Growth Update’, recommend that County Council approve an increase in the Health and Human Services staffing compliment by one Early Years Supervisor position being financed by Ontario Child Care and Early Years Administration Funding.”

Purpose

To provide County Council with an update regarding changes to the Ministry of Education’s Directed Growth Plan and 2025 Cost-Based Funding Model. This includes current program and funding impacts caused by these changes, as well as a request to create a Supervisor position within the Early Years Division that reports to the Early Years Manager. The Supervisor position

will support the Early Years Manager in meeting the added leadership responsibilities required to implement and monitor these system changes.

Background

Northumberland County Early Years Services is responsible for administering programs and services mandated by the *Child Care and Early Years Act, 2014 (CCEYA)* in its role as Service System Manager for Early Learning and Child Care (SSM). Funding for these programs is provided primarily by the provincial and federal governments, with a contribution provided by County Levy. Prior to 2014, the role of SSMs in Ontario involved managing the child care fee subsidy program, allocating prescribed wage subsidy supports for licensed child care operators, and occasionally administering health and safety funds to operators through a claims-based program. Since 2014, the role of SSMs has expanded as the result of increases in Ministry funding, numbers of programs required to be administered, legislative authority over system planning, and Ministry accountability. This includes but is not limited to EarlyON Child and Family Centres downloaded to municipalities in 2018 and the Canada Wide Early Learning and Child Care system which began implementation in 2022.

The Canada Wide Early Learning and Child Care (CWELCC) system is the Canada-Ontario agreement to lower parent fees for child care, increase access to spaces, support child care workforces, and support inclusive care for families. CWELCC is planned to reduce parent fees across infant to kindergarten (0-5 years) spaces to an average of \$10/day across Ontario by March 2026. School-age spaces refer to before/after school and full-day programs (i.e., holidays, summer vacation, and March Break) for children aged 6-12 that are subject to full fees (i.e., no CWELCC fee reduction).

The Directed Growth Plan was introduced by the Ministry of Education (MEDU) in 2023 to create 86,000 net new CWELCC spaces across Ontario by December 31, 2026. Within the original plan, Northumberland County was allocated funding to create 404 spaces toward this targeted growth. On March 31, 2025, MEDU unexpectedly adjusted Directed Growth space and funding allocations for SSMs to allow the Province to better realize their target of 86,000 without going over. Northumberland County received an adjusted target decrease from 404 to 245 spaces (see Legislative Authority / Risk Considerations section).

Licensed centre child care programs are offered in a variety of public locations, are the holders of child care licenses, and can offer any combination of infant, toddler, pre-school, and school-aged programs. Licensed home child care providers offer care in a home for up to 6 children under the age of 13, including up to 3 children under 2 years and any of the providers own children under 4 years. Home providers are contracted and overseen by home child care agencies that hold the child care licenses.

As of January 1, 2025, MEDU implemented the Cost-Based Model to replace the previous cost replacement model for how Ontario SSMs allocated funding to licensed centre and home child care programs enrolled in CWELCC. Since the initial release of the Cost-Based guidelines on August 15, 2024, implementation of the new funding model by the Northumberland County Early Years Division has involved but not been limited to:

- Understanding revised details of the model across multiple versions

- Tabulating funding allocations individually for the 39 Northumberland child care programs enrolled in CWELCC in 2025. This includes 37 licensed centre programs and 2 licensed home agencies
- Monthly-bimonthly financial planning and data reporting meetings with the agencies operating these programs
- Releasing and monitoring quarterly funds to agencies according to their tabulated allocations
- Adjusting funding allocations according to ad hoc and unanticipated guideline updates imposed by MEDU

During the implementation of CWELCC in 2022-2023, allocated CWELCC administrative funding was put towards a CAO approved temporary Financial Analyst position to assist the Early Years Division with understanding funding criteria and rolling-out allocated funds. This role provided analytical support, created reconciliation templates, and developed policies and procedures to meet enhanced CWELCC Ministry reporting requirements. This contract position ended on December 31, 2024. The Early Years management structure has not changed since 2009, despite the continual expansion of funding and program structures.

Consultations

The Early Years team is meeting monthly-bimonthly with operators in 2025 to ensure that adequate levels of funding are maintained with the quarterly releases of allocated Cost-Based funds. Our current estimation predicts that Northumberland County's allocation will likely cover the eligible costs required by the 39 enrolled programs in 2025 through strategic planning and operator engagement. Detailed Q3 financial reconciliations are planned for October 2025 to ensure that operators are provided with enough funding to meet 2025 year-end and to prepare for 2026 funding allocations well in advance.

Transitioning to the Cost-Based Model has incurred extensive administrative workloads for the Early Years Division since implementation began in Fall 2024. This includes budgeting operations with child care providers, program planning, developing data collection protocols and materials, reconciling quarterly finances for all 39 child care programs enrolled in CWELCC, reporting finances and performance indicators to MEDU, and remaining accountable for timely space development to residents of Northumberland. This workload will likely remain as Early Years Services continues to receive, interpret, and implement MEDU Cost-Based Model guidelines.

This report was discussed with and reviewed by the Chief Administrative Officer, Corporate Services, Finance Department, and the Director of Health and Human Services.

Legislative Authority / Risk Considerations

The Early Years Division manages the CWELCC system in accordance and coordination with all programs, funding, and legislative authority within the *CCEYA, 2014*.

In 2023, MEDU introduced a Directed Growth Plan to create 86,000 net new CWELCC spaces across Ontario by December 31, 2026. Within the original plan, Northumberland County was allocated funding to create 404 spaces toward this targeted growth. On March 31, 2025, MEDU unexpectedly adjusted Directed Growth space and funding allocations for SSMs to allow the Province to better realize their target of 86,000 without going over. 16 of the 47 SSMs in Ontario received target increases, 27 received target decreases, and 4 received no change.

Northumberland County received an adjusted target decrease from 404 to 245 spaces. According to this new target, Northumberland County is projected to have overcommitted 43 Directed Growth spaces as of May 1, 2025. 17 of these spaces are required to meet the current ministry-obligated spaces for the Conseil scolaire catholique MonAvenir school in Cobourg. An additional 26 spaces are required to accommodate the school board's request for more kindergarten spaces. The Early Years Division contacted the Assistant Deputy Minister of Early Years and Child Care on May 5, 2025, to request that Northumberland's Directed Growth target be increased to meet these commitments. Without this approval, Northumberland will need to notify the school board prior to the start of construction in Fall 2025. Early Years is awaiting a response. However, it is common to wait months for return correspondences from MEDU about inquiries pertaining to Directed Growth and Cost-Based Funding.

The reduced target for Directed Growth also ended discussions with some current operators about developing new CWELCC spaces in 2026, since these spaces could also not be realized within the adjusted space allocation. Northumberland was also notified by MEDU about no longer being able to approve new CWELCC spaces to for-profit child care programs, since their adjusted quota for Northumberland was also reached.

Discussion / Options

Administrative Supports

In accordance with the 2024-2026 Early Years Business plan, the temporary Financial Analyst (Early Years) position was evaluated to determine the staffing resources required to maintain service levels and standards into 2026 and beyond. The review projected an administrative workload based on the 2-year workload of the temporary Financial Analyst (since the contract ended on December 31, 2024), as well as available MEDU funding within the Cost-Based guidelines. It was determined that adding an Early Years Supervisor is required to support the program management needs brought about by the Cost-Based Funding model. This position will be fully subsidized through the Administrative allocation with no Levy impact (see Table 1 and the Financial Impact section).

The Early Years Services Supervisor will manage unionized Early Years staff to ensure that early learning and child care programs in Northumberland adhere to all relevant legislation, directives, policies, procedures, and guidelines. The Early Years Supervisor will also support front-line program educators, staff, and leadership teams in completing day-to-day tasks required to support high quality services to children, parents and caregivers. This position will support the implementation of key strategies developed in the Early Years Services 2026-2030 5-Year Strategic Plan, including adhering to service agreements with agencies, developing and maintaining on-going community partnerships, overseeing current expansion contracts, and meeting the growing requests for leadership staff to attend local and provincial meetings.

This will allow the Early Years Manager to focus on strategic planning for Early Years and Community and Social Services; systems planning, budgeting, and financial reconciliations for child care and EarlyON programs; leading the Northumberland Early Years sector by engaging with external partner leadership teams; maintaining seats on local, regional, and provincial working groups; implementing MEDU updates for the Northumberland Early Years sector; responding to client and agency concerns; ensuring overall program compliance; CWELCC implementation and planning for Directed Growth; and proactively pursuing opportunities for

sector growth (e.g., space allocations for child care and EarlyON programs, RECE workforce) in preparation for potential allocations being made available by MEDU beyond 2026.

These duties are currently being performed in collaboration with internal County departments, other levels of government, community agencies, and early learning and child care operator leadership teams. Workload capacities with the Early Years Manager and staff are preventing many of these tasks from being completed within the timelines dictated by the division's standard of work. Additional demands are imposed on the Early Years Manager to remain up to date on regularly changing Early Years system requirements, as well as requests to attend frequent MEDU meetings. With the responsibility of system knowledge being limited to the Manager role, challenges are created for succession planning and coverage when the Manager is absent (i.e., vacation time, personal leave, family emergencies). Other Municipalities have recruited additional staff to assist with this type of program support, while others are regularly working with external consultants.

The staffing complement of the Early Years Division will remain as 1 Data Analysis Coordinator, 1 Early Years Coordinator with child care focus, 1 Early Years Coordinator with an EarlyON focus, and 2 Fee Subsidy Case Workers. An extension of the Early Years Division includes the 10 child care agency head offices that support the 37 CWELCC child care programs in Northumberland and a maximum of 33 home child care providers. The Early Years Division allocates funding for up to 70-90% of these operations.

The range of program and service categories currently overseen by the Early Years Division are outlined in Table 1.

Growth

As noted in the Legislative Authority and Risk Considerations section, Northumberland County's Directed Growth spaces have been reduced from 404 to 245. Northumberland County's growth is currently halted, with a pending request to MEDU for 43 additional spaces to accommodate Conseil scolaire catholique MonAvenir.

Current Expansion

The Canton Hub expansion project is on track with no complications, timeline adjustments, or significant changes to budgeted costs. The anticipated opening date is Fall 2025.

Conseil scolaire catholique MonAvenir is expected to start construction in Fall 2025. Since this is a school board related project, there are no construction costs pertaining to Northumberland County as they are captured in the school board's budget.

Financial Impact

Northumberland County's Early Years allocation for 2025 is \$21,962,824 (\$19,896,994 operating funding). This is subdivided according to the categories outlined in Table 1. In 2024, the County's allocation was \$15,800,992 (\$15,338,922 operating funding). Financing for the Early Years Supervisor position is possible because of an increase in the Administration allotment offered by the MEDU Cost-Based Funding guidelines and will have no impact on Levy.

The Early Years Supervisor position will cost approximately \$130,000 for a full year. This includes \$126,000 for wages and benefits, and \$4,000 for on-going expenses such as a County-issued cell phone, mileage, College of Registered Early Childhood Educator Membership fees, and training. The expected start date is September 2025, meaning that \$42,000 of

Administration funding will be required in 2025 and the full allocation will be required onward from January 1, 2026. Minor start-up costs will be absorbed in the 2025 budget.

Considering this position will be financed using the Administration funding allocation from the province, there is a risk that a reduction in funding could jeopardize the position. However, this risk currently exists for all provincially funded staffing positions in the Early Years Division. That is, should there be a reduction in Administrative funding the entire Early Years staffing model will need to be reviewed.

Risk considerations of not filling the Early Years Supervisor position may mean that the County is not able to maintain legislative and contractual obligations as the System Manager for Early Learning and Child Care. Should this position not be realized, the Early Years Division will be challenged to meet expectations set out by the *CCEYA, 2014*, and can expect to see impacted supports provided to children, parents and caregivers, and early learning operators. Without the identified Supervisor duties (see Administrative Supports section) being moved from the Early Years Manager, priorities outlined by the Early Years Services 2026-2030 5-Year Strategic Plan and corporate strategic plan will be difficult to realize. Currently, the Early Years Manager is responsible for holding MEDU system knowledge. As such, not approving the Early Years Supervisor position is problematic for succession planning and coverage during Manager absences (i.e., vacation time, personal leave, family emergencies). The latter offers the risk of staff burnout, since the Manager is currently required to attend critical ad hoc meetings that arise while on planned or emergency leave.

Member Municipality Impacts

The demand for quality, licensed child care options has been identified as a priority by many member municipalities. Increasing capacity within Early Years Division leadership by supporting workload realignment is expected to ensure that strategic early learning and child care priorities are addressed for all member municipalities.

Supporting Early Years Division management with the Supervisor position is expected to result in faster response times to operator and government inquiries, shorter timelines for meeting strategic goals, improved community connections (such as local council updates, community agency supports, inter-municipal meetings), a greater leadership presence at local events (e.g., promoting program supports, answering resident questions), addressing community challenges to plan for growth, and supporting Early Years Division staff at Northumberland County.

The reduced Directed Growth target impacts growth limits and potential centre and home child care expansions in member municipalities.

Conclusion / Outcomes

It is recommended that the County Council accept this update as information and approve the request to increase staffing by one Early Years Supervisor position to commence in Fall 2025.

Attachments

- 1) Report 2025-126 ATTACH 1 'Table 1. 2025 Funding Allocation Summary'