RisingOaks
Early Learning Ontario

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To: Ministry of Education

Fr: RisingOaks Early Learning Ontario

Re: Response to the Canada-Wide Early Learning and Child Care (CWELCC) 2024 Funding Formula Discussion Paper

About Us:

RisingOaks Early Learning Ontario (hereafter referred to as RisingOaks) is a not-for-profit licensee and registered charity providing high-quality early learning and care for children from birth to 12 years old across nine centres located in Waterloo Region. We currently have 529 licensed spaces for infant, toddler, preschool; 286 for JKK and 638 for Primary-Jr. School-age. We are also members of the Quality Early Learning Network (QELN), a collective of 19 not-for-profit, multi-service, multi-site child care organizations from across the Province.

Here are our responses to the Ministry's 2024 CWELCC Funding Formula Discussion Paper:

Our Feedback

4. **Has the ministry considered all the appropriate parameters in the funding formula? If not, which ones are missing and why?**
   - We commend the government for the thought and attention put into the development of this conceptual funding formula to help transform our sector.
   - The proposed 2024 funding formula maintains the historical reliance on licensed JKK and school-age programs to off-set the true cost of infant, toddler and preschool programs, though ignores the decline in these older programs due to a shift to remote work. This must be addressed. The proposal also incorrectly assumes that the current revenue model is enough to provide a high-quality early learning and care environment.
   - There are many helpful and transformational elements proposed, but several elements that are integral to a high-quality early learning and care system are missing.
   - Program Staffing Grant:
     - In order to adequately address ratios and the requirements set out in How Does Learning Happen? Ontario's Pedagogy for the Early Years, non-contact time needs to be included in the funding formula. This includes time for case conferences, planning and documentation time, pedagogical support and professional development.
     - Ensure that the # of operating funded days is re-calculated each year as they fluctuate. For example, 2024 has 262 operational days, compared to 260 in 2023.
     - Address split shifts (i.e. workers that start in the morning, have several hours off, and then return in the afternoon). Recruitment for filling JKK split shifts take 22+ weeks to fill or are never filled. We have implemented a split shifts elimination pilot at two locations with 2 full-time positions replacing a 3-way split shift, using the extra hours to support inclusion, cleaning, planning time at a cost of $30,000. This is a workforce

strategy requirement to support the ongoing implementation of before and after school programs, including for JKK students.

- The benchmark for the # of RECEs for funding will be based on the CCEYA or the 2022 average. This outdated data will result in decreased quality. Our % of RECEs was at 95% pre-pandemic but, due to the staffing crisis, now sits at 85%. If that becomes our benchmark, we won't have enough funding in the program staffing grant to go back to our 95%.
- The **Program Supply Staff Allocation** is a welcomed addition and helps to close an existing gap in funding. That being said, we ask the Ministry to consider the following:
  - The benchmark for this funding allocation indicates that it is based on an average of the fixed # of days related to sick and vacation. This will vary significantly based on the tenure of employees. Given that we experienced a staffing crisis, the average sick and vacation days is much lower now than it was pre-pandemic. For example, our current average for vacation entitlement is 14 days, with just 24% being at 20 or 25-days vacation entitlement, compared to 40% of employees at the higher end in 2018. Now that staffing is starting to stabilize, the funding formula will need to consider in future years that such entitlements will increase.
  - Fund full-time float staff. Many larger centres (i.e., 88-spaces) and particularly multi-sites, hire permanent float staff to provide supply coverage and to cover non-contact time. Their hourly rate/salary and benefits would be the same as permanent staff and needs to be funded as such.
- The benefits calculation for staff wages must include Group RRSP matching and pensions or allow flexibility for licensees to cover such costs. Some licensees also have employer health tax and other fees that smaller centres may not have.
- Failure to address these challenges will lead to short-term closure of programs due to a lack of staff coverage, which will leave parents and families scrambling for care for the period of time that their early learning program is unavailable.

* Program Leadership Grant:
  - An inequity will be created between small and large centres and will have a significant impact on quality for larger centres given that a centre with 3 staff and a centre with 25+ staff will both only receive 1.0 FTE for the supervisor position.
  - Provide 1.5FTE for supervisor for centres with 15-20 staff, and 2.0FTE for supervisors with 21+ staff. Larger centres require more additional leadership support. Supervisory staff are needed more than 8 hours, particularly as centres operate for 11–12 hours per day. Assistant supervisors are only covered currently for the time they are in program. This undervalues these required positions and the work they do – pedagogical coaching and mentoring, tours, managing OneList, playground checks, etc.
  - While there is a program leadership supply staff allocation, it does not address the current gap that is perpetuated within this funding formula.
  - As a leadership grant, the funding formula does not address pedagogical leadership needs, professional development or coaching and mentoring. With an influx of new ECE graduates, more and more time is required by the supervisors and by program RECEs to coach and mentor new grads. This requires non-contact/release time to ensure a high-quality program.

- Failure to address these challenges will lead to increased burnout for current supervisors, and turnover in leadership positions, resulting in lack of supports for new RECEs, potential program closures, program quality, safety and supervision issues.

- Operations Grant
  - This grant must fund based on licensed capacity for each operator as fixed costs (e.g., insurance, office, rent and other overhead) does not change when operating capacity is reduced.
  - Don't assume that all licensees co-located in a school have custodial services, phone, internet, etc. included in their rent paid to the school board. In addition, costs vary significantly for using before/after school classrooms for JKK. For example, in 2018 a RFP for a co-located site in another region demonstrated that permit/rent costs for before/after school programs vary significantly. In one region, we pay $100,000 in such fees to the school board and yet the same # of rooms would only cost $15,000 in a neighbouring region.
  - Ongoing maintenance costs must be funded based on actual expenses and include maintaining IT infrastructure, playground maintenance (2023 costs to maintain our natural playgrounds is $4-8K per location, depending on the size and playground components).
  - Legal costs, insurance and audit fees have significantly increased over time. Using outdated data will produce an inaccurate benchmark and penalize licensees.
  - There should be identified recommended amounts per child / day (based on licensed capacity, not operating) for common costs (e.g. food, program supplies, program equipment). We can assist with determining these benchmarks.

- Accommodations Grant
  - It was interesting that the accommodations grant is the only one that includes a geographic adjustment factor. This should be considered in other areas.
  - There is wide-spread disparity in how school boards charge licensees for capital renewal projects and repairs. More consultation is needed with the sector to understand the costs. As well, such fees have increased at a steady rate of 3% per year, which is above the current 2.75% inflationary factor built into the existing CWELCC funding.
  - An inequity is created for new centres, who would be funded based on a provincial average for the gross floor area of centre versus their actual. In some cases, the size of the centre is larger than needed to fit into the overall architectural design of the building (particularly for co-locations with schools). Failure to address these challenges will impact licensees, particularly in school-based sites, and could lead to undue hardship. It will limit not-for-profit expansion in community-based spaces, which are a significant portion of the notional space targets.

5. **Do you foresee any implementation challenges?**
   - If, as the Consolidated Municipal Service Manager (CMSM) has shared, no licensee will receive less funding than their current allocation, might it be simpler to fund the CMSM at 100% of 2023 grants + an additional 20%. This immediate increase of 20% will allow the

CMSM – and licensees – to address pressures in the system, increases in the % of RECE staff, increasing vacation entitlements and to implement a wage grid.

- The province can then work with CMSMs and a cross-section of licensees to develop a provincial wage grid and funding benchmarks to use for various expense categories that include what we truly need to build a high-quality early learning and child care system.
  - The wage grid must increase the wage floor to $25 for all child care workers and $30 for RECEs, and includes assistant supervisors, supervisors and other support positions (cooks, pedagogical leaders, etc).
- Fund operators at licensed capacity and reconcile at year-end, or ensure that licensees can request additional funding if operating capacity increases and that increase is automatically approved.
- The discussion paper speaks to low-cost structure and high-cost structures and says it will fund both, but there is no incentive or opportunity for a low-cost structure licensee to enhance quality or to become a high-cost structure.
- In addition to pedagogical support, permanent float staff and eliminating split shifts, licensees – particularly larger centres and multi-site operators, need professional staff for book-keeping/accounting, human resources and governance. As a RECE, supervisors do not have the expertise needed to fulfill these roles, which creates an organizational risk when the supervisor/director is trying to perform all of those functions.
- Generally, licensees should be funded to their licensed capacity unless they indicate that they plan to remain lower, as we have no means to adjust expenses based on enrolment fluctuations.
  - It needs to be understood that enrolment fluctuates significantly. Sometimes it's seasonal (e.g., JKKs in the summer), or it may be due to the staffing crisis, but we can and will increase enrolment as soon as we have a staff.
- Regarding expansion, the new funding formula will create further inequities based on the capped fees by region. If we decide to expand in Stratford, the capped fee is $51 for infants. Waterloo Region is $79 and our frozen infant fee is $82.25. At $51, based on 3.6 staff required for ratio needs, we couldn't even meet the wage floor for staff ($51x10 children = $510 / 3.6 staff * 7.5 hours = $18.88/hour) and have nothing left for program, accommodations, operations. While some things have a geographic adjustment factor, wages should not be one of them. Ethically, we can't pay one RECE $19/hour (+ PWEG, CWELCC $1) and another 45-minutes down the 401 $25/hour (+ PWEG, CWELCC $1). While Cost of Living may be different geographically, moving to this regional model would impact our ability to staff the new location and ensure supply coverage.
- Failure to address this challenge will make it impossible for us to break even and support expansion, despite having done an expansion feasibility study that identifies 5 possible regions to support expansion.
- The funding formula must recognize that all child care staff, including non-RECE are a vital part of our system. When we provide funding specific to RECEs only, it increases the already established gaps in our pay system and creates a further inequity which impacts operations.
- We also don't want funding for 6-12-year-old programs to be forgotten and worry that this may become a red-tape issue with having to manage two different funding models in the future.

  - Will the provincial wage enhancement grant and the CWELCC $1 Annual Increase still exist for staff working within this age group?
- And finally, we are concerned with how rising costs and inflation will factor into the new funding formula. While the current 2.75% inflationary factor is appreciated, many costs exceed that %. For example, insurance went up 13% in 2023.

6. **As child care serves a wide range of families, what types of cost-driven adaptations should be included in the CWELCC funding formula to ensure programs continue to be culturally relevant?**
   - Organizations need funding to support capacity building, diversity-equity-inclusion and anti-racism initiatives, branding, leadership development, special needs resourcing, enhanced staffing and more. While the current system provides special needs resources (SNR), the amount of enhanced staffing is no longer adequate. One centre currently has individual support plans or individual medical plans for 15% of the children in care. In a JKK summer camp room, 25% of children have moderate to high support needs requiring 1:1 or 1:3 support. Current SNR is not adequate.
   - Pedagogical leadership also supports culturally relevant practices. Rather than a red-tape exercise of approving all such expenses, licensees should be funded to cover 100% of the costs and be able to use the average of $10/day parent fee to enhance quality and respond to the unique needs and vision for high quality early learning and care within their organization.
     - The Ministry has already set a precedent for funding at 100% as was the case with emergency child care. Moving in this direction will not only stabilize the system for years to come, it will drive quality and avoid the concerns seen in the Quebec child care model.
   - The funding model must also recognize that as preschoolers age and get ready to go to kindergarten, they no longer nap. As a result, we can't use 2/3 ratio and need full coverage for staffing within the funding formula. Licensees need flexibility for such adjustments.
   - Failure to address these challenges will mean that newer educators are less familiar with medical (i.e., insulin injections) and safety needs for children, creating increased risk.
   - The targeted growth strategy in Waterloo Region indicates that licensees are not guaranteed CWELCC approval, nor fee subsidy. As a result, families from neighbouring middle-income neighbourhoods will drive in to take those spaces in low priority neighbourhoods, since many living in that neighbourhood require and may not have access to fee subsidy.

7. **Has the ministry correctly identified the funding model principles to ensure equitable access for operators in schools?**
   - There is concern that benchmarks that are provincial averages may not cover the true costs. It appears that there is appetite to shift funding from CMSMs to go directly to school boards. This would limit transparency. Over the years, the list of work that school boards perform and cover the cost of has decreased significantly. Even when we have a legal agreement that says "x task" is Board's Work, they come back and charge us without supporting documentation, and/or charge us 3 years later.

– How will we ensure that funding allocated to the Board for child care space maintenance is utilized as expected? Just like first time equipping costs for new co-located centres, it's an issue of transparency. For example, first-time equipping dollars are provided to school boards, and we are told that they use up all the child care money first to maintain flexibility on their own funding, so the amount leftover for first time equipping is not adequate. It would be more transparent to provide the money to licensee directly.

8. **What could cause actual rents to exceed market rents?**
   - Location, amount of common area maintenance (CAM) fees, what's included versus not, the type of building and requirements under the Act (e.g., adjacent playground space, etc.).
   - The data used for benchmarking current accommodation costs is out of date and there are too many variables, including some sites that have free or subsidized accommodations (sometimes in exchange for priority access to spaces) that would artificially reduce the benchmark.
   - We have also heard others mention that some landlords, since the announcement of CWELCC, are increasing rents, so the benchmarking exercise based on 2022 costs are not applicable.

9. **Where actual rents exceed the funding formula, should a ceiling amount be set (for example, not greater than a certain percentage above the funding formula)?**
   - No. That will cause undue hardship for current operators. The CMSM can work with operators to understand what is driving the cost – compared to actual rent within the local system (since the benchmarks may be artificially low) and to suggest strategies for controlling costs.
   - Even for new operators, rent is rent. If the market rent in an area is high, and several alternatives have been explored, the CMSM will need to determine what is reasonable.
   - Licensees will need to know upfront how all cost increases will be managed under CWELCC, particularly as rent is negotiated up front for the term of a lease. For example, if our funding is going to increase by inflation each year, then we may be able to negotiate this into our leases, but there are other rates (e.g., utilities) that we don't have control over. This is key to ensure that accommodation costs don't increase more than the funding, as this negatively impacts our other expenses.
   - Expanding in the not-for-profit sector would reduce such a concern regarding a ceiling.

10. **Do you foresee any issues with providing allocations based on the head office of a home child care agency?**
    - We do not directly operate home child care, but understand that this would be problematic. If the provider is to be compensated based on the rate established for where they live, but the agency is being compensated at a different rate, this is problematic. Some have shared that they have seen "jumping" from one agency to another with a head office in a different CMSM with a higher capped rate. When the Provider does this, then the parents fees increase even though their Provider remains the same.

Thank you for the opportunity to provide feedback. Should you require any clarification, please do not hesitate to reach me at lprospero@risingoaks.ca or via phone at 519-894-0581, ext. 102.

We look forward to working with the Ministry to finalize and implement a funding formula that supports a visionary approach to early learning and care and addresses quality as part of the overall CWELCC implementation, not just as a last pillar in the model. Doing so will ensure that Ontario is responsive to the Guiding Principles set forth in Bill C-35: *An Act respecting early learning and child care in Canada,* which states:

a) support the provisions of and **facilitate equitable access to high-quality early learning and child care programs and services** — in particular those that are provided by public and not-for-profit child care providers — that meet standards set by provincial governments or Indigenous governing bodies that are reflective of other evidence-based best practices in high-quality service provision and that respond to the varying needs of children and families;
b) **enable families of all income levels, including low incomes to benefit from affordable early learning and child care** programs and services;
c) support the provision, including in rural and remote communities, of early learning and child care **programs and services that are inclusive** of children from systematically marginalized groups, including children with disabilities, and of children from English and French linguistic minority communities, that respect and value the diversity of all children and families and respond to their varying needs; and
d) support the **provision of high-quality early learning and child care programs** and services that foster the social, emotional, physical and cognitive development of young children, including **through the recruitment and retention of a qualified and well-supported early childhood education workforce, recognizing that working conditions affect the provision of those programs and services.**

Sincerely,

Lori Prospero

Lori Prospero, CAE
Chief Executive Officer

Alisha Michiels, Chair
Board of Directors