

An aerial photograph of a coastal town, likely in Newfoundland, Canada. The town is nestled between a large body of water on the left and a series of hills on the right. The water is a deep blue, and the hills are covered in dense forest with some autumn-colored trees. A prominent white church with a red roof is visible in the center of the town. The sky is a mix of blue and orange, suggesting a sunset or sunrise. The overall scene is peaceful and scenic.

Operating Grant Program Review

Final Report

November 2023

Government of Newfoundland & Labrador + Deloitte



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Executive Summary

Purpose




- The analyses and recommendations laid out in this report set forward ongoing improvements to the Operating Grant Program, and serve to support the initiatives currently underway and/or planned to further improve the child care sector in Newfoundland & Labrador. The Department of Education's Early Learning and Child Development Division has several initiatives in-flight to improve the Early Learning and Child Care (ELCC) landscape and have identified a keen willingness to invest considerable time and effort to improve the Operating Grant Program and implement these recommendations*.
- The recommendations allow for the Department to be responsive to the needs of child care service providers and families and are aligned with principles of affordable, accessible, inclusive, flexible, quality, and sustainable child care services.
- The suggested sequencing of the recommendations provides a structured and deliberate approach to improve the OGP. The implementation of these recommendations will require dedicated time, effort and collaboration between the Province, child care service providers, industry associations, families and community partners. Implementation will not be easy, but is necessary to continue to lay the foundation for a shift towards a publicly managed child care system and to change the way services are funded, delivered, and accessed by all parents and families across the province.

Context for this review




- The Department of Education (EDU) and the Early Learning and Child Development Division (ELCD) of the Government of Newfoundland & Labrador have a long-standing history of offering various early learning and child care programs to young children and their families. These efforts include the Operating Grant Program (OGP), which is an essential part of the federal and provincial governments' efforts to establish a national child care system that is affordable, accessible, and of high quality by providing operational funding to child care centers and family child care homes throughout the province.
- In June 2023, EDU engaged Deloitte to review and evaluate the OGP to determine if it is meeting its objectives, identify potential improvements, unintended impacts, financial efficiencies, and accountability mechanisms. The review focused on the OGP as a key mechanism within the broader system.
- The approach incorporated findings from a jurisdictional scan, interviews with subject matter experts, supplemental desktop research, data and documentation review and extensive engagement with stakeholders across the child care sector.
- Six priority areas of key findings were identified following a 13-week collaborative engagement and 24 improvement opportunities were developed and prioritized. Key current state findings and improvement opportunities for each of the six categories are summarized in the following slides.

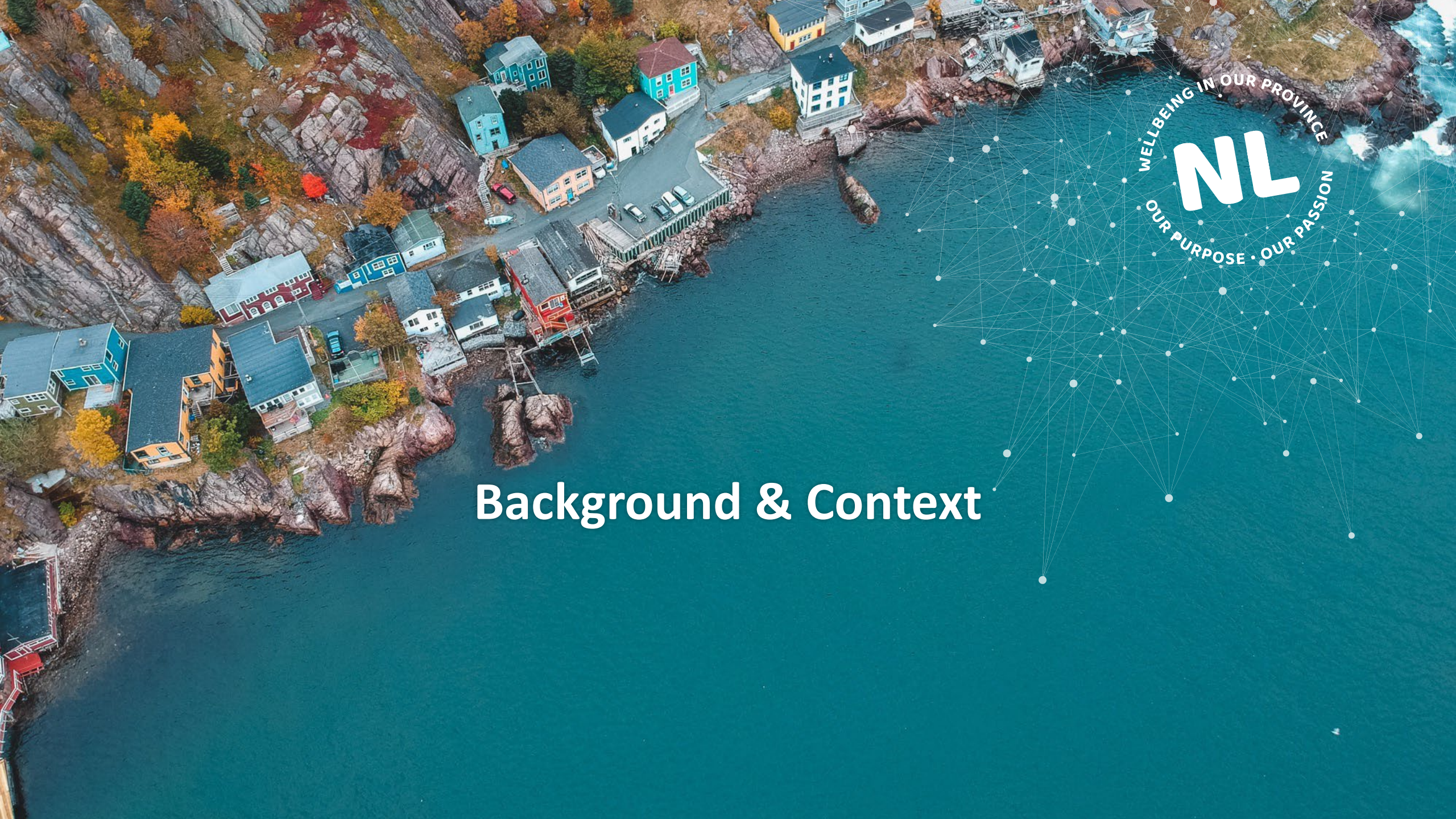
*Implementation timelines may shift as capacity evolves and various priorities emerge

Executive Summary (cont'd)

Category	Summary of Current State Analysis	Improvement Opportunities
 Funding & Rates	<ul style="list-style-type: none"> Both provincial and federal funding is used for annual operating grants that are dispersed to child care service providers to support a \$10/day approach Daily rates do not explicitly break down operational funding components beyond meal and snack allotments Regular inflationary adjustments are not included within current rate structures Differential rate structures can create a two-tier system amongst services Full-time funding definition creates differentiated support to service providers and encourages limited services 	<ul style="list-style-type: none"> Conduct a true-market costs analysis Introduce regular inflationary adjustments Increase infant care rates Eliminate two-tiered rate structure Ensure flexibility in funding allocations to drive desired behaviors, such as incentives to further optimize capacity and quality
 Processes & Program Requirements	<ul style="list-style-type: none"> Minimum enrollment requirements do not optimize available spaces within the system and the requirement can disproportionately impact smaller centres and/or centres with staffing challenges Current voluntary closure policy can lead to government paying for closed spaces Application processes were not reported as a significant challenge; however, can be a source of administrative burden Current payment structures are met with mixed views amongst providers 	<ul style="list-style-type: none"> Increase the minimum enrollment criteria Clarify voluntary closure policies Extend full-time hours policy Offer multi-year service agreements Clarify payment schedules
 Accountability	<ul style="list-style-type: none"> There are perceived gaps and variations in child care service delivery quality Monitoring and evaluations are conducted regularly, often as a representation of point-in-time adherence to program requirements Funding is linked to self-reporting mechanisms by providers 	<ul style="list-style-type: none"> Create mechanisms that allow parents to seek support and enhance their role in driving accountability Standardize service operator - parent contracts Revisit financial accountability measures

Executive Summary (cont'd)

Category	Summary of Current State Analysis	Improvement Opportunities
 Workforce	<ul style="list-style-type: none">• There are reported challenges with burnout across the sector• The introduction of the wage grid is viewed positively as a mechanism to address resource challenges• Structures to support professional development and ongoing education are highly valued, but are currently limited	<ul style="list-style-type: none">• Explore enhanced employee benefits aligned with years of service• Consider a substitute and/or replacement ECE program• Expand training and professional education opportunities• Continue efforts to professionalize ECE role
 System Enablers	<ul style="list-style-type: none">• The Department has created a number of instructional supports and resources to guide providers through key OGP processes• Many forms and subsequent OGP requirements are paper-based	<ul style="list-style-type: none">• Promote understanding of service level expectations and regulations• Continue to expand online supports/services• Develop a pre-approved list of community partners• Streamline processes for all applicable grants
 Governance	<ul style="list-style-type: none">• Program oversight is driven regionally, in collaboration with the provincial office• There is limited coordination across the child care system to understand capacity requirements and recruit accordingly• As the Province advances expansion towards child care being a public good, it has taken on the role of mentorship for service providers	<ul style="list-style-type: none">• Streamline operational funding across EDU into “one-stop shop” for child care service providers• Develop a provincial wait list for parents/families looking for spaces• Further analyze child care system demand and capacity



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NL
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Background & Context

Project Background and Objectives

Introduction

The Government of Newfoundland & Labrador, through its Department of Education (EDU) and the Early Learning and Child Development Division (ELCD), has a long history of providing a range of early learning and child care programs for young children and their families. The Operating Grant Program (OGP) for regulated child care services is a key component of the federal and provincial governments' commitments toward a quality, affordable and accessible national child care system, providing operational funding to child care centres and family child care homes across the province.

In June 2023, EDU engaged Deloitte to review and evaluate the OGP to:

- Determine whether the program is meeting its objectives;
- Identify ways to improve the efficacy and efficiency of the program;
- Identify potential unintended impacts to the sector;
- Identify financial efficiencies and process improvements;
- Identify accountability mechanisms;
- Ensure those participating in the program are providing inclusive, quality child care; and
- Develop a roadmap.

While the review considered the sector as a whole, this review focused on the OGP as a key mechanism within the system. This report outlines Deloitte's key findings and observations, along with recommendations to improve the overall functioning of the program.

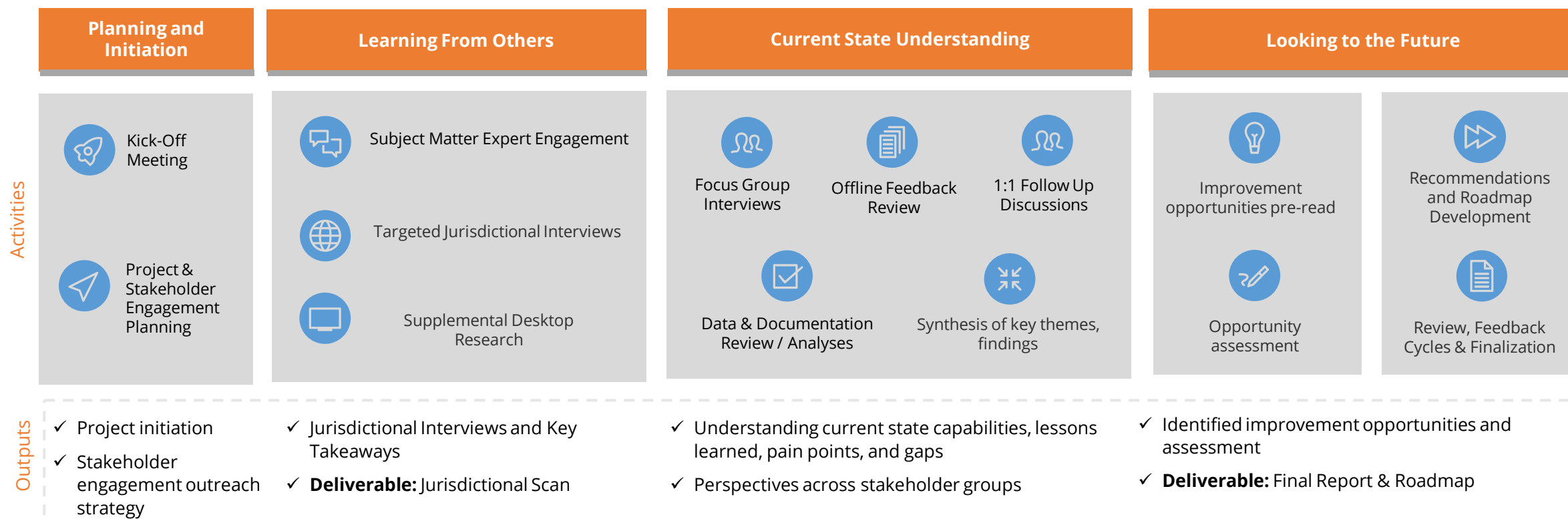
Project Scope

- Conducting a jurisdictional scan to identify global and national best practices for EDUs consideration
- Designing an outreach strategy which will help ensure meaningful engagement of stakeholders across the sector to inform the review
- Conducting current state analysis including a baseline understanding of capabilities, financial efficiencies and unintended impacts to the sector that will shape the recommendations
- Conducting an opportunity assessment
- Creating a final report, compiling all analysis, recommendations, and a roadmap to achieve the recommendations



Project Approach

Deloitte has undertaken the work below to understand the current state of the Operating Grant Program and to identify potential improvement opportunities to better meet the needs of the sector.



- This review was overseen by a Project Steering Committee comprised of representatives from EDU.
- Stakeholder engagement and outreach was a central aspect to this work. As such, significant energy was devoted to including stakeholders across the child care sector by providing diverse feedback mechanisms to provide input to the work. A detailed listing of the approach to stakeholder engagement can be found in Appendix B.

Situating the OGP in National Context

Across Canada, jurisdictions are signing agreements with the Federal Government to reach an average of \$10 per day for regulated child care spaces, expand their respective systems, and reconsider funding models to drive accessibility, affordability and quality.

- With an investment of over \$30 billion over five years, the Government of Canada is working with provincial, territorial and Indigenous partners to build a Canada-wide, community-based system of quality child care so that all families have access to high-quality, affordable, and inclusive early learning and child care, regardless of where they live.
- Across Canada, jurisdictions have signed Early Learning and Child Care Agreements with the Government of Canada to reach an average of \$10 per day for regulated child care spaces and expand the ELCC system with increased spaces and educators.
- To meet the Federal objectives of accessibility and affordability, the ELCC system across Canada must simultaneously expand to meet demand while also reducing costs for services. Signatory jurisdictions are, therefore, required to reconsider their operating funding models to support the changing system.

Key Considerations from ELCC Subject Matter Expert Gordon Cleveland:

“Jurisdictions should consider what behaviours they want to encourage of service providers and should design funding models and accountabilities accordingly”.

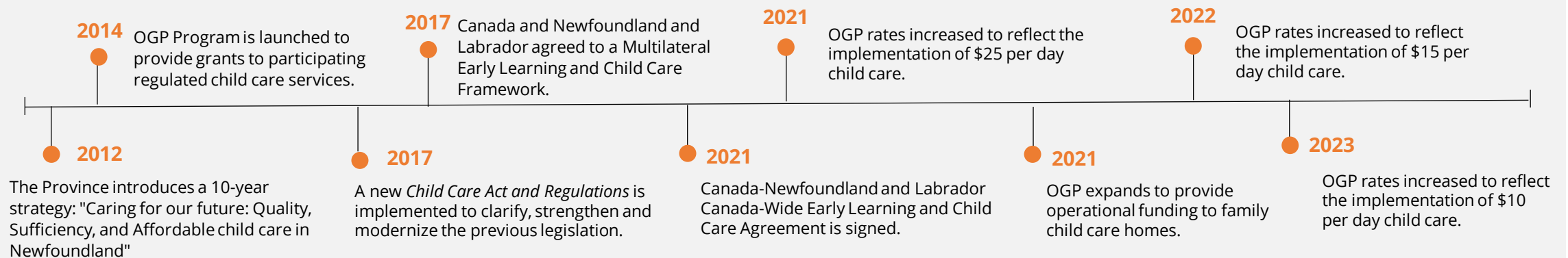
- General and larger funding envelopes should require extensive reporting of expenses; however, increased reporting demands should be designed with consideration of a range of digital literacy and maturity amongst service providers. A slow roll-out with ample support should be provided.
- The funding model and grant lifecycle should encourage driving outcomes to help ensure quality services.
- As the Agreement prioritizes not-for-profit providers, financial incentives should drive good behaviour rather than loss of funding. This will place further support on necessary service providers and spaces.

Highlighting the Early Learning and Child Care Landscape in NL

Over the past decade, there have been several developments across the child care system aimed at improving early learning and child care across the province to provide high-quality, affordable, and accessible child care for families.

- EDU and the ELCD work to make child care accessible to families in Newfoundland and Labrador, in addition to monitoring and licensing child care services across the province through provincial and regional offices.
- Over a decade ago, the Province released a 10-year strategy built around quality, sufficiency, and affordability. Each of these pillars contributes to a strong child care system to ensure parents who choose regulated child care services will have access to high-quality, affordable services. As captured below, there have been many key developments across the sector during this time, highlighted by:
 - the introduction of the OGP in 2014;
 - the signing of the initial Canada-Newfoundland and Labrador Early Learning and Child Care Agreement (ELCC) in 2017 and its subsequent extension in 2021
 - The signing of the Canada-Newfoundland and Labrador Canada-Wide Early Learning and Child Care Agreement (CWELCC) in 2021
- The Canada-Wide agreement provides over \$374 million to the province over five years, including a one-time investment of nearly \$6.5 million in 2021-22, to support the early childhood workforce in Newfoundland & Labrador.

Figure 1: Highlighting Key Developments Across the Child Care Sector in NL



A Snapshot of the Early Learning & Child Care Workforce

Early Childhood Educators play a vital role in ensuring a quality child care system, both in child care centres and in family child care homes. Recently, there have been numerous initiatives to strengthen this workforce to meet demand for quality child care services.

Early Childhood Educators (ECEs) play a critical role in the child care system, as they are responsible for providing care and supervision to children enrolled in child care services. Moreover, they are instrumental in ensuring that the children's developmental and learning goals are met. In Newfoundland and Labrador, child care centre staff must be certified to work in the regulated child care sector by the Association of Early Childhood Educators of Newfoundland & Labrador (AECENL). Family child care home providers can complete a ten-week orientation course to become a provider and do not require certification.

There is a range of certification requirements (e.g., Level I – IV ECE certifications) outlined within provincial legislation and child care regulations to ensure staff-to-child ratios are met across age groups and service types. It is not uncommon for services to have difficulty hiring staff with the necessary qualifications to meet mandated requirements, and to ensure children's needs are being met.

Like many other Canadian jurisdictions, the province is challenged with attracting and retaining qualified staff working in the sector. AECENL representatives estimate that there are many qualified individuals across the province who are not currently working in the sector today. Key challenges include, but are not limited to:

- Historically low compensation and wages;
- Lack of career advancement opportunities; and,
- Poor working conditions.

To address workforce challenges, increasing the number of ECEs and recognizing the valuable contribution of those working in the sector is a priority for the Province. A number of initiatives have been introduced in support of this, including:

- Additional funding to local Colleges to expand the number of seats offered in early learning programs;
- Enhancing grants and bursaries to ECE students and graduates;
- Providing recognition bonuses;
- Offering information sessions across the province, in conjunction with relevant stakeholders, with the objectives of bringing awareness and attracting individuals to the profession; and,
- Introducing a provincial wage grid to help ensure financial stability for ECEs working in regulated child care centres participating in the OGP (further outlined in the current state section of this report)

Figure 2: Key Demographic Highlights of the ECE workforce in NL

~1500 ECEs across qualification levels*

95% of workforce are women

81% of ECEs work full-time

Source: jobbank.gc.ca, Canadian National Employment Service Website

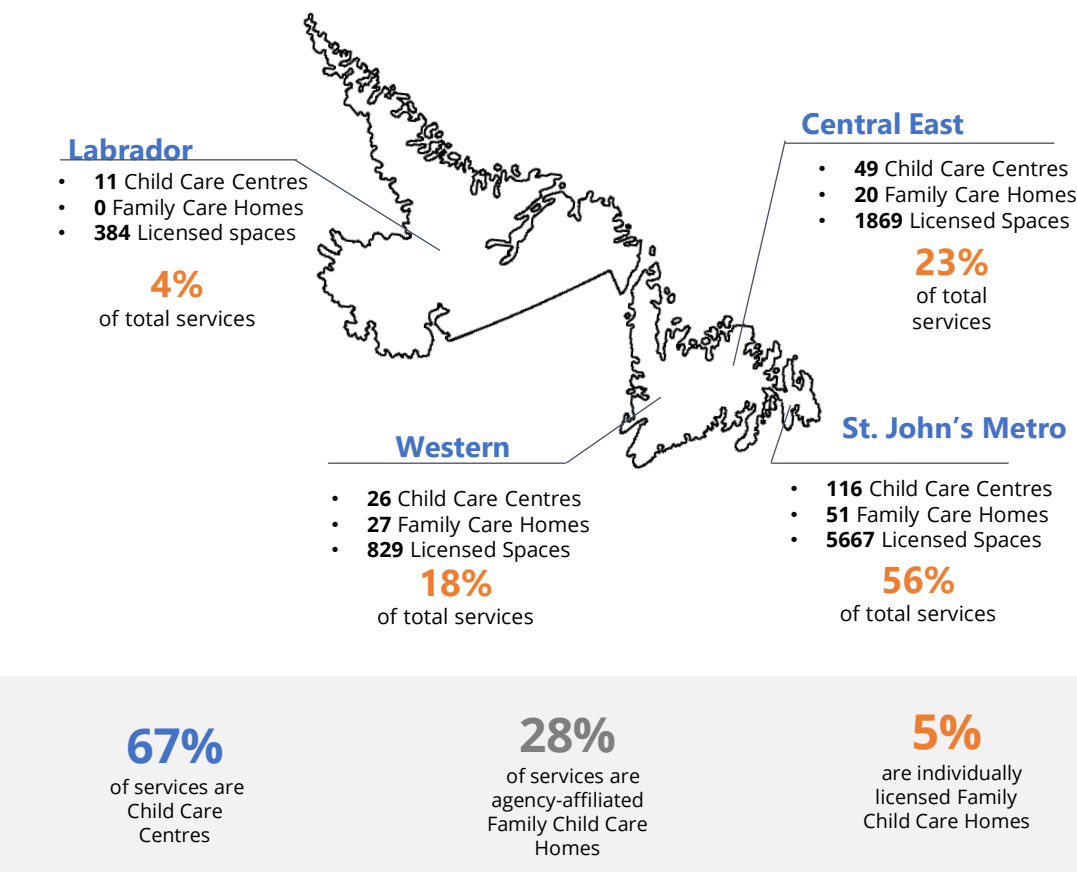
*Note – the number of ECEs across qualification levels includes those not working in the sector.

A Snapshot of Child Care Service Delivery

Child care services are provided via two predominant delivery models with the majority of child care services and total licensed child care capacity based in St. John's Metro.

- As of June 2023, there were 300 child care services across the province provided across two predominant delivery models:
 - **Child Care Centres:** For-profit or not-for-profit, licensed facilities that provide care for multiple age groups on either a part-time or full-time basis. To operate a child care centre, a license must be obtained from the Department of Education.
 - Approximately 56% of the child care services in the province are currently operating on a for-profit basis.
 - **Family Child Care Homes:** In family child care, a provider can provide full-time or part-time supervision for up to 7 children (depending on their age ranges and excluding up to 2 of their own school-aged children) within their own home. Family child care is regulated in two ways:
 - Individually licensed by the Department of Education; or
 - Approved under the license of a Family Child Care Agency (e.g., Family and Child Care Connections)
- As described by the figure at right, the majority of child care services (both centres and family child care homes) and total licensed capacity across the province is based in the St. John's Metro region, ultimately aligned to broader NL's population distribution, but licensed services are provided across the province.
- There is a further push to create more regulated child care spaces in the province to improve access to child care. As per the CWELCC, NL aims to add another 5,895 child care spaces to its existing capacity by 2026.

Figure 3: Breakdown of regulated child care services across NL



Source: Early Learning and Child Development, Current Homeroom Licence Information as of June 14, 2023

About the Operating Grant Program

The OGP has grown significantly since it was introduced in 2014, with the majority of all child care services across the province availing of operating funding to subsidize \$10/day child care for families across the province.

- The OGP provides operational funding to regulated child care centres and family child care home services to subsidize \$10/day child care for families across the province.
- The program is voluntary for services, but has set conditions associated with the grant funding, and includes a set daily rate structure for child care fees across various age cohorts. The key processes as part of the OGP lifecycle are described at a high-level below.
- Participation in the OGP has increased significantly since the program was introduced, particularly over the past few years. As of June 2023, there are more than 97% of all regulated child care services participating in the program, with approximately 96% child care centres and approximately 98% of family child care homes.

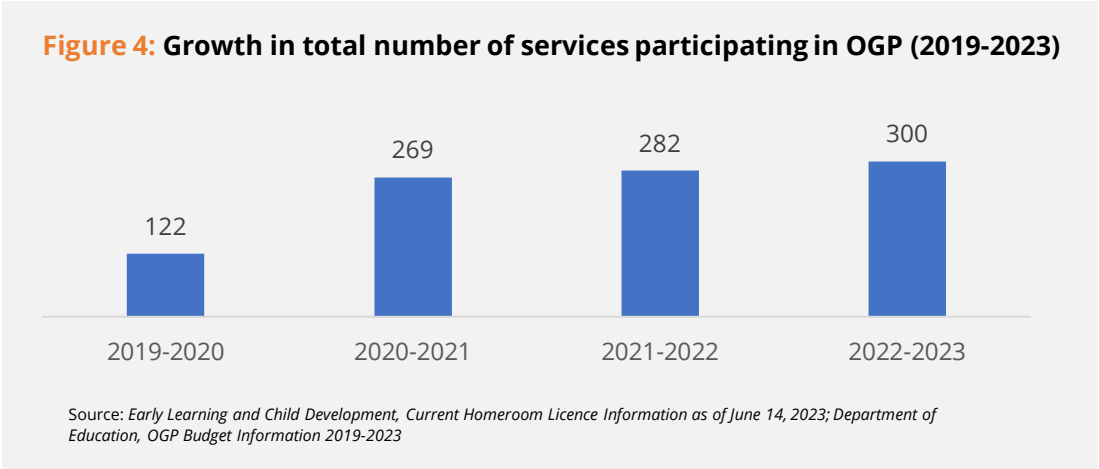


Figure 5: High-level Summary of OGP Lifecycle



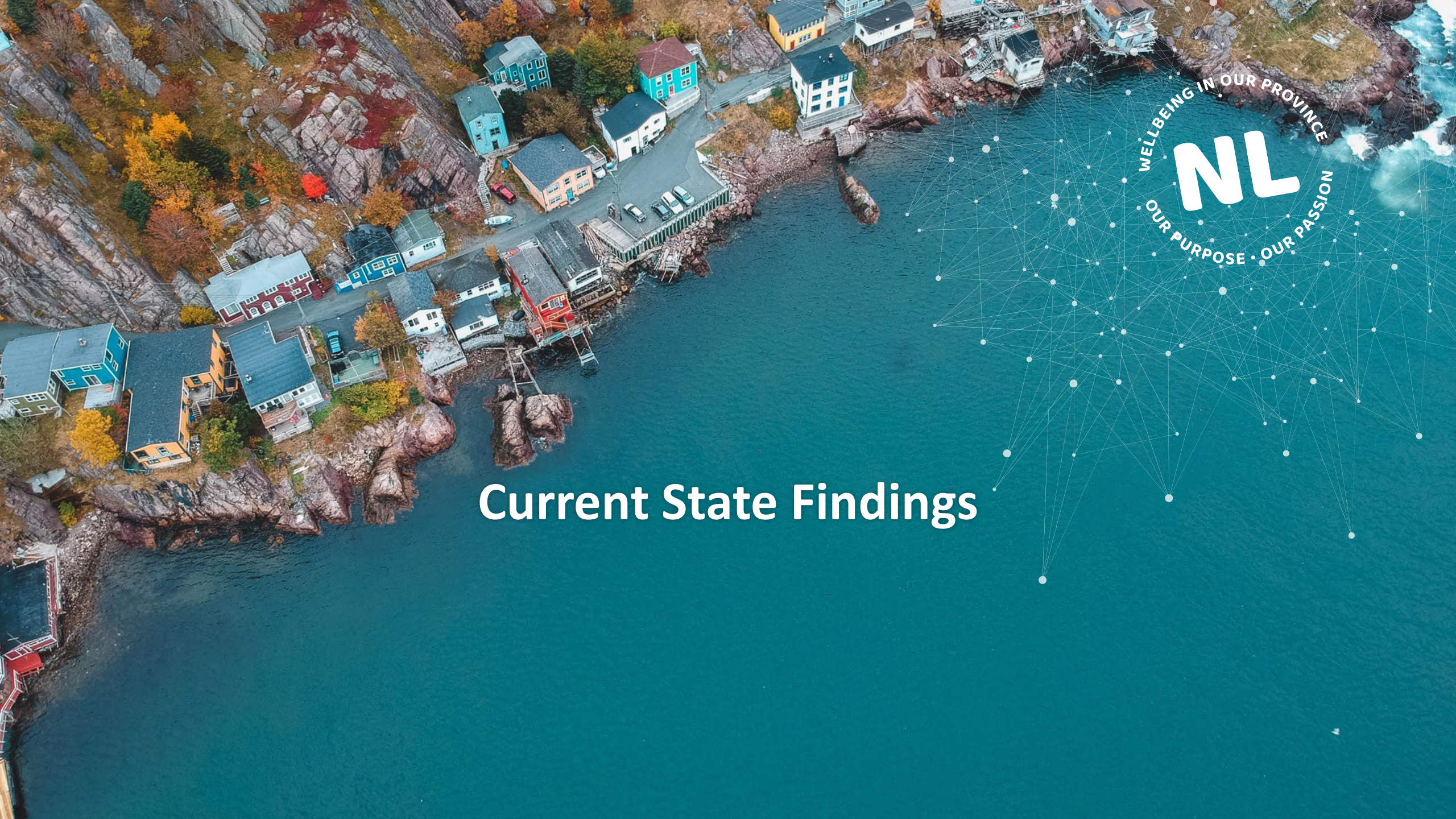
Highlighting Additional ELCC Programming

Beyond the OGP, the Department of Education offers additional programs to eligible service providers which can include funding components and various other supports.

- All licensed child care centres and child care homes are eligible for various funding programs offered by the Department, except for the Child Care Capacity Initiative (CCCI) which is only eligible for not-for-profit services.
- In the past, the Department has also provided annual equipment grants to child care centres and family child care homes for equipment and materials to enhance their service delivery, as well as an infant stimulus grant to family child care providers exclusively caring for infants (the infant stimulus grant ended in 2021 as part of the OGP implementation for family child care homes).
- Beyond the programs and initiatives described at right, there may be a range of other government programs and grants that select centres and services may be eligible for outside of what is offered by EDU.
- Finally, EDU also provides fee subsidies for eligible families to offset child care costs.

Table 1: Overview of the various funding programs available for child care in NL

Program	Description
Child Care / Family Home Child Care Capacity Initiative (CCCI / FHCCCI)	<ul style="list-style-type: none">• Provides start-up / renovation funding for not-for-profit organizations, community-based groups, municipalities, and regulated family home child care providers to increase the number of spaces across the province. The CCCI / FHCCCI is focused on building capacity in underserved areas and indigenous communities.• Once operational, service providers are required to participate in the OGP for a minimum term of service.
ELCC Quality Enhancement Program	<ul style="list-style-type: none">• Provides tailored consultation to child care services to enhance quality in regulated child care services through program design and learning processes. A small grant is available twice per year to support services with eligible quality enhancement initiatives.• The program is for licensed and compliant child care services that already meet legislative requirements. Child care services participating in the OGP are automatically eligible to be part of the program.
Child Care Inclusion Program	<ul style="list-style-type: none">• Provides supports (e.g., consultation, training and grants) to regulated child care services to ensure children with exceptionalities (diagnosed or undiagnosed) can participate to their fullest potential in a regular child care program.• Inclusion Program supports are voluntary at the request of the child care service; services are not required to accept children with exceptionalities.









Current State Findings

Current State Findings | Context







Context for this section

- A significant part of this review was to evaluate the effectiveness and efficiency of the OGP in the context of the overall child care landscape within the province. The following pages lay out key highlights which further describe the current functioning of the OGP across several dimensions (described below).
- Within each section, key themes are highlighted and reflect a triangulation across multiple inputs, including but not limited to: consultation with multiple stakeholder groups, data/documentation provided by EDU, and additional observations to summarize takeaways as part of the current state of the program.

Category	Description
 1 Funding & Rates	Includes federal funding disbursements and current OGP daily rate structures
 2 Processes & Program Requirements	Includes application, assessment, and disbursement processes, and key funding conditions
 3 Accountability	Includes key accountability mechanisms, reporting, and ongoing monitoring and evaluation
 4 Workforce	Includes the early childhood educator workforce considerations relative to the OGP
 5 System Enablers	Includes key service delivery supports, information technology, communications and other departmental resources
 6 Governance	Includes overall program oversight, span of control, and links across broader child care sector

Current State Findings | Summary

While the OGP is meeting its intended historical objectives of improving the affordability of child care services for families with young children across the province, there remains opportunity for the program to support broader early learning and child care transformation, as part of the Canada-Wide Early Learning and Child Care Plan. The program has allowed for parents and families to avail of lower child care fees by providing operational funding to providers to compensate for lost revenue; however, it is critical that the OGP continues to evolve to enable affordable, accessible, and inclusive, high-quality child care for parents and families in NL.

Category	Key Highlights
 1 Funding & Rates	<ul style="list-style-type: none"> Both provincial and federal funding is used for annual operating grants that are dispersed to child care service providers to support a \$10/day approach Daily rates do not explicitly break down operational funding components beyond meal and snack allotments Regular inflationary adjustments are not included within current rate structures Differential rate structures can create a two-tier system amongst services Full-time funding definition creates differentiated support to service providers and encourages limited services
 2 Processes & Program Requirements	<ul style="list-style-type: none"> Minimum enrollment requirements do not optimize available spaces within the system and the requirement can disproportionately impact smaller centres and/or centres with staffing challenges Current voluntary closure policy can lead to government paying for closed spaces Application processes were not reported as a significant challenge; however, can be a source of administrative burden Current payment structures are met with mixed views amongst providers
 3 Accountability	<ul style="list-style-type: none"> There are perceived gaps and variations in child care service delivery quality Monitoring and evaluations are conducted regularly, often as a representation of point-in-time adherence to program requirements Funding is linked to self-reporting mechanisms by providers
 4 Workforce	<ul style="list-style-type: none"> There are reported challenges with burnout across the sector The introduction of the wage grid is viewed positively as a mechanism to address resource challenges Structures to support professional development and ongoing education are highly valued, but are currently limited
 5 System Enablers	<ul style="list-style-type: none"> The Department has created a number of instructional supports and resources to guide providers through key OGP processes Many forms and subsequent OGP requirements are paper-based
 6 Governance	<ul style="list-style-type: none"> Program oversight is driven regionally, in collaboration with the provincial office There is limited coordination across the child care system to understand capacity requirements and recruit accordingly As the Province advances expansion towards child care being a public good, it has taken on the role of mentorship for service providers



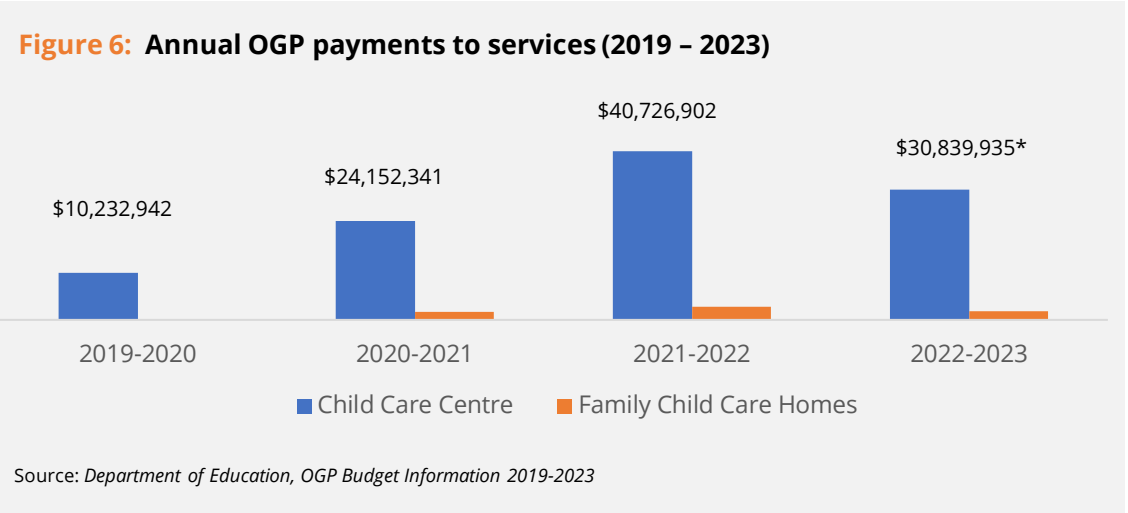
Funding & Rates

Current State Findings | Funding & Rates

The Department is reliant on its existing funding agreements with the federal government to provide operating grant payments to service providers across the province to subsidize \$10 per day child care.

Both provincial and federal funding is used for annual operating grants dispersed to child care service providers to support a \$10/day approach

- As part of the existing bilateral agreements with the Federal government to support early childhood education and child care (i.e., the CWELCC and the ELCC Extension), the province receives yearly financial provisions to support its programming.
- Approximately 73% of operating grant payments disbursed to child care centres are through the federal funding provisions (i.e., 65% of payments via CWELCC funding; 7% of payments via ELCC Extension funding), whereas family child care homes availing of operating grant funding leverage 100% federal funds through the CWELCC.
- Annual operating grant payments to child care service providers have increased over the past four years as the Department has further subsidized operating expenditures to offset parent fees set at \$10 per day (as of January 1, 2023).



***Note** – the OGP contract period did not follow the fiscal year of April 1st to March 31st until April 1, 2023 for regulated child care centres, and thus, annual grant payments may only reflect a portion of the 2022-2023 original contract amounts. The contract periods for family child care homes are staggered, with a portion of the contracts renewing each quarter. There are plans to align them with the fiscal year in April 2024.

Table 2: Federal funding breakdown for OGP (2019 - 2023)

Fiscal Year	ELCC Extension	CWELCC
2019-2020	\$1,333,593	N/A
2020-2021	\$1,879,202	N/A
2021-2022	\$4,677,417	\$3,544,643
2022-2023	\$5,321,369	\$22,183,868
2023-2024 YTD	\$3,592,464	\$23,084,437

Source: Department of Education, Federal Funding Breakdown through August 11, 2023

Current State Findings | Funding & Rates

Grant payments are distributed to child care centres and family child care homes at a set rate structure per space, per day, intended to cover all related operating expenditures for services, including meal and snack allotments.

Daily rates do not explicitly break down operational funding components

- The rates in the table below include provisions for 1 meal (\$2 per meal) and 2 snacks per day (\$0.50 per snack); however, additional operating components are not explicitly captured within the daily rate (e.g., supplies, equipment, etc.).
 - With this, it is not always clear to providers (particularly family care homes) how much funding should be allocated toward various operational expenses as part of their service.
- Family child care home daily rates for mixed age groups have shifted to a flat rate structure across age cohorts, with the rates combined and then divided by three to create an even distribution of costs across the three age ranges. This has created a higher daily rate per space for some ages relative to centre-based care. This shift was intended to support succession planning in family-based care to support sustainable operations and allow a child to remain in care as they age between cohorts.

Table 3: Daily operating grants for FT/PT child care centres and family child care homes (as of January 1, 2023)

Age Range	Standard / Base Rates (per space per day)		Enhanced / Supplemental Rates (per space per day)	
	Child Care Centres	Family Child Care Homes	Child Care Centres	Family Child Care Homes
Infant Only Services*	53.50	50.50	59.00	59.00
Infants (FT)	53.50	38.50	59.00	44.50
Toddlers (FT)	35.50	38.50	39.00	44.50
Preschool (FT)	32.00	38.50	35.50	44.50
Pre-Kindergarten	32.00	N/A	35.50	N/A
School Age (Full Day)	32.00	38.50	35.50	44.50
After School	15.50	14.50	19.00	19.00
Before + After School	16.50	14.50	20.00	19.00
Infant (PT)	29.25	19.25	32.00	22.25
Toddler (PT)	20.25	19.25	22.00	22.25
Preschool (PT)	18.50	19.25	20.25	22.25
Pre-Kindergarten (PT)	18.50	N/A	20.25	N/A

*Max 3 infants for Family Child Care Homes

Regular inflationary adjustments are not included within current rate structures

- Service providers interviewed for this review and by the Department identified increased financial pressures driven by market changes over the past number of years (e.g., increased costs for utilities, food/groceries, insurance, interest rates, etc.). Further to this, the variability in costs across and within geographic regions in the province is not considered beyond a 15% increase in rates in Labrador (which stakeholders noted may not be sufficient depending on the location of the service within the region).
- While a one-time-only grant was provided to services in the Fall of 2022 to cover the increased costs of groceries and ensure the ongoing ability to serve healthy snacks and lunches, providers feel that current rates do not reflect the true market costs to sustain high-quality child care service delivery, particularly for service providers providing infant care services.

Current State Findings | Funding & Rates

All child care centres and family child care homes are immediately eligible to receive the base daily rate, but also submit additional financial documentation to receive additional funding to offset incremental operating expenses.

Differential rate structures can create a two-tier system amongst services

- Service providers are able to submit a range of supporting financial documentation to the Department (e.g., verification of operating costs prepared by an independent third party) to qualify for funding above the base/standard daily rate, up to a maximum amount by service type and age range (i.e., the enhanced / supplemental daily rate).
- Both centre and home-based providers feel there is a sense of arbitrariness associated with the financial assessment process and subsequent funding decisions by the Department, particularly related to decisions for enhanced/supplemental rates. Despite the assessment being unique to each service's operating conditions, differential rates cause tensions amongst providers driven by perceived inconsistencies in qualifying for additional daily funding (i.e., centres who absorb various operational expenses may be unable to produce invoiced costs as part of financial documentation to qualify for enhanced, etc.). In some cases, providers with more mature financial management capabilities may be able to more easily demonstrate their additional expenses to achieve the enhanced rate.
- In many cases, most service providers are already qualifying for the enhanced rate (i.e., approximately 9 out of every 10 child care centres receive some or all of the enhanced daily rate for various age cohorts).

Full-time funding definition creates differentiated support to service providers and encourages limited services

- Current child care regulations define “full-time child care services” as a service that is operated for more than 4.5 hours total a day. In the context of the OGP, services receive full-time rates for operating over 4.5 hours per day (e.g., a service that is opened from 8:00AM to 4:30PM receives the same funding as a service opened from 8:00AM to 1:00PM).
- Without more stringent hourly requirements for providers, service providers are able to limit services and still benefit from full-time funding.
- Extended hours (i.e., early morning drop-offs, after-hours care, weekend care) are offered by some providers; however, providers do not receive additional funding beyond incremental meal and snack allotments as part of this offering, further limiting the incentive to extend hours of operation and access to working parents and guardians.



“It is very unnerving to operate a business with fixed revenues but not fixed expenses”



Processes & Requirements

Current State Findings | Processes & Program Requirements

Grant payments are defined by several conditions and considerations which impact the amount of funding dispersed to service providers.

Minimum enrollment requirements do not optimize available spaces within the system and the requirement can disproportionately impact smaller centres and/or centres with staffing challenges

- Child care centres with a minimum of 70% enrollment receive their quarterly funding allotments in full; centres with less than 70% receive partial payments prorated to the average number of spaces filled in the previous quarter.
- Maintaining the 70% enrollment can be more impactful for smaller child care centres than for a service with more children of mixed age ranges (i.e., the loss of one child at a small service is more significant than at a larger centre). Similarly, some rural centres may not have sufficient children to operate at full capacity. While policy notes there may be exceptions under “extenuating circumstances” where services can still receive the full grant amount, some centres note that they may struggle to meet enrollment requirements based on staffing availability for legislated ratio requirements.
- In some cases, spaces and/or classrooms are left empty if the centres are above the minimum threshold to receive full funding allotments, allowing services to profit on spaces they are not required to fill and have no incentive to do so.

Current voluntary closure policy can lead to government paying for closed spaces

- The OGP currently covers ‘reasonable closures’ (i.e., sick leave, bereavement, etc.) for family care home providers (closures that are deemed unreasonable periods are deducted from the number of operational days as part of the grant allocation).
- The definition of “reasonability” within the policy is not clear to providers as it does not allow for certainty amongst providers if they will receive full funding should they close for the day. In some cases, the vagueness of the policy allows for misuse amongst providers where the number of closures deemed “reasonable” could be infinite, as opposed to a set number of allowable closures per year.
- The Department has received numerous reports from parents / families that, at times, child care has become unreliable and inaccessible driven by a substantive increase in closures as part of the shift to \$10 per day child care. Similarly, it is anticipated that there are further instances of full or partial closures that go unreported by parents.



Current State Findings | Processes & Program Requirements

The operating grant lifecycle includes annual application processes and service level agreements, as well as quarterly payment disbursements.

Application processes were not reported as a significant challenge; however, can be a source of administrative burden

- Because of the yearly renewal process, commitments to OGP are implied as annual. This gives services the ability to “hop on or off” the OGP, as opposed to multi-year commitments. This process may also be a source of inefficiency for Department staff.
- Similarly, because eligibility for supplemental / enhanced funding rates is assessed on a yearly basis and is not guaranteed at the time of renewal for the next year, services may experience uncertainty in their year-to-year planning.
- Stakeholders have noted instances of duplicative paperwork, processes, and forms across various programs within EDU (e.g., Inclusion Program, Quality Enhancement Program) which creates additional administrative work for service providers and the Department staff alike. In some cases, the additional administrative burden was highlighted as a potential driver for a service operator to reject a child for inclusion.



“Annual reviews make the enhanced rate an unreliable source of revenue for centres because they never know if it will continue from year to year.”

Current payment structures are met with mixed views amongst providers

- The operating grant is paid quarterly in advance to both child care centres and family child care homes, and over/under payments are then adjusted as required in subsequent quarterly payments by the Department. The quarterly advance in payments can impact providers differently, as there is a significant range of expertise in financial management.
 - For some, quarterly payments are too long a period to go without payment from a budget management perspective, and are compounded by concerns about having payments clawed back should they be unable to work for lengths of time within the quarter.
 - Others, particularly larger child care centres, appreciate the decreased accounts receivable burden with parents through the OGP, and the quarterly advances to maintain smooth operations.
- It was noted by stakeholders that payment processing has been working well of late, with providers receiving their payments on-time.



Accountability

Current State Findings | Accountability

Regular monitoring and evaluation mechanisms are in place; however, OGP funding is largely linked to self-reporting amongst providers.

Funding is linked to self-reporting mechanisms by providers

- Annual enrollment statistics have traditionally been collected by EDU once a year by reviewing the daily registers that record the attendance, including arrival and departure time, of all children in a service provider's care. Additionally, child care service providers are required to submit quarterly enrollment statistics, which report the number of full-time and part-time children enrolled by age group, as well as information on voluntary closures. As of April 2023, centre-based service providers are also required to submit wage grid data to track time and payments of their staff.
- The associated administrative burden with reporting requirements as part of the program can be variable depending on service type, size, and capacity. Reporting templates provided by the Department for enrollment and wage grid stats are viewed as time-consuming and complex for child care centres that hold more than a single license or providers with limited supports. Examples provided by stakeholders include but are not limited to:
 - Wage grid calculations for staff shared between locations
 - Time to complete paperwork each month while balancing other duties/responsibilities within the centres

Monitoring and evaluations are conducted regularly, often as a representation of point-in-time adherence to program requirements

- Regular monthly inspections of child care centres are conducted by regional staff and home monitors for agency-approved family child care homes. Monitoring and evaluation processes represent point-in-time assessments and may not provide a comprehensive view of the quality of service delivery being conducted.
- Stakeholders to this review described perceived variations in service delivery quality amongst providers. During visits, inspectors and monitors check for fluctuations in enrollment, concerns related to food quality or quantity, quality of programming, and failure to meet licensing requirements, amongst other items.
- Regional staff are also able to perform ad-hoc audits of daily registers which track attendance. Additionally, 10 to 20% of services may undergo annual financial compliance reviews to verify parent fees.



As we shift towards a more publicly managed system, funding must also be met with the appropriately checks and balances given the expenditure of public funds.

Current State Findings | Accountability

Regular monitoring and evaluation mechanisms are in place; however, OGP funding is largely linked to self-reporting amongst providers.

Parents can be “fearful” to speak out

- Ensuring that parents are not surcharged additional fees beyond what is permitted within provincial policy to maintain the \$10/day is a key condition outlined within service level agreements between services and the Department to receive funding. The Department has noted, however, that child care service providers may circumvent this and will charge parents/families for additional fees such as field trips or special events.
 - Often, providers will create a contract for parents outlining their various policies (e.g., vacation, closures, termination, etc.). Department stakeholders noted that contracts are found to not always be in line with the service level agreements providers have signed with the Province, as highlighted above and as evidenced by various parent inquiries to the Department requesting clarification as to what is allowable by the provider.
- It is recognized by the Department there are groups of parents who are cautious to speak out with inquiries to the Department around service quality concerns and/or reported policy violations in fear of losing their child care space.
- In other cases, a culture of compliance may include parents who are unaware of the nuances associated with OGP policies (e.g., may not realize they are being charged for fees outside what is allowable, partial closures, etc.).



When parents were historically paying the majority of the child care fee to a service they seemed to play a greater role in driving accountability for quality, as there was a greater expectation based on the fees being paid – as the Province has further subsidized parental costs, families have been less involved financially, and thus, the incremental accountability this created has seemingly diminished.





Workforce

Current State Findings | Workforce

ECEs play a critical role in operationalizing the OGP across the province.

There are reported challenges with burnout across the sector

- While the early childhood educator workforce challenges are not a focus of this report, it was recognized that many ECEs are exiting the sector through attrition and/or other factors (e.g., patchwork labor conditions across the province) and that there are not enough qualified ECEs across the province to fill vacancies that exist today, particularly as the sector looks to expand.
- Workforce supply and burnout challenges make it very difficult for providers to find replacement or substitute staff. Similarly, holiday or sick leave coverage can be a challenge in more rural areas of the province, as well as for smaller service providers (e.g., inability to rotate staff between sites) and can result in more regular service disruptions driven by partial or full closures and/or burden on current staff.

The introduction of a provincial wage grid is viewed positively as a key mechanism to address resource challenges

- In April 2023, the Department implemented a new provincial wage grid for ECEs working in regulated child care centres that are part of the OGP, replacing the existing ELCC Supplement program for staff at child care centres.
- The wage grid, as shown at right, includes:
 - a base rate for an ECE II (new graduate) at \$25/hour, with increases based on years of services worked and level or certification obtained;
 - a 10% bonus for ECEs in administrator positions; and
 - a Labrador Allowance for ECEs working in the Labrador region.
- Stakeholders in this review spoke positively about the introduction of the wage grid, which is viewed as an important initiative to further professionalize the workforce and to help retain and recruit ECEs through increased financial stability (i.e., allows employees to be compensated at a higher base rate and recognizes their actual hours worked).
- Despite the introduction of a provincial wage grid, centres are not required to provide paid sick leave or provide robust benefits packages to their employees.

Table 4: Provincial ECE Wage Grid (2023 – 2026)

ECE Level	Annual Salary by Years of Service			
	<1 year	1-5 years	6-10 years	11+ years
Level 1 ECE	\$41,597	\$42,429	\$43,277	\$44,143
Level II ECE	\$48,938	\$49,916	\$50,915	\$51,933
Level III ECE	\$56,278	\$57,404	\$58,552	\$59,723
Level IV ECE	\$64,720	\$66,014	\$67,335	\$68,681
Trainee	\$35,357	\$36,064	\$36,786	N/A
Labrador Allowance	\$5,178	\$5,178	\$5,178	\$5,178
Admin Bonus	\$4,894	\$4,992	\$5,091	\$5,193

Note - data above is based on working 7.5 hours/day, 261 days/year

Current State Findings | Workforce

ECEs play a critical role in operationalizing the OGP across the province.

The role of an ECE is not consistent across child care service types

- Most related to the scope of this work, family care home providers are always “on-the-clock” and feel the vacation is not sufficient; nor does it align with the needs of the sector. The OGP currently covers two weeks of paid vacation for providers, as well as 14 provincial government holidays; no additional vacation time is provided for individuals with additional education/years of services, nor is there paid time off allocated for providers to focus on service planning.
- Stakeholders described instances where Level 2 ECEs fulfilling the Administrator role at a child care centre can often spend more time in an office completing administrative tasks (e.g., payroll, budgeting, various paperwork, etc.) instead of working to their full scope of practice on the floor, including fulfilling pedagogical roles such as mentorship of other staff, planning/programming and related work to augment overall quality of service.

Structures to support professional development and ongoing education are highly valued, but are currently limited

- Many frontline ECEs working with children with a wide array of needs (e.g., trauma, cultural differences, etc.) feel they do not have sufficient training to manage the increasing prevalence of complex behaviours and the intensity of support required.
- While the system’s capacity challenges are well-acknowledged, it is also viewed that in some cases the current legislative qualification requirements may not be high enough to ensure all children’s needs are met (e.g., current legislation requires only one ECE in the centre to have a diploma, the rest can have a certificate or be trainees).



The burnout is real! It is very important for family child care providers to be able to take the necessary amount of time to recharge to maintain mental health.





Service Delivery Enablers

Current State Findings | Service Delivery Enablers

There are a number of enablers that support the ongoing implementation of the OGP, as well as frontline child care service delivery.

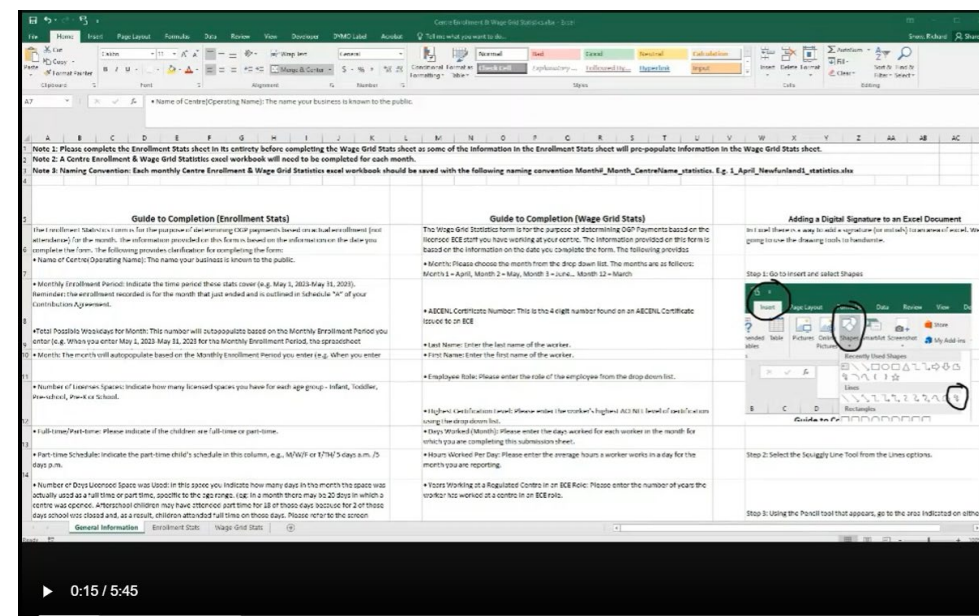
The Department has created a number of instructional supports and resources to guide providers through key OGP processes

- A series of instructional videos are publicly-available for centre-based providers on the EDU website, offering detailed instructions on completing enrollment and wage grid stat sheets (as part of the monthly reporting processes previously described), to ensure providers are able to meet OGP requirements.
- A range of additional resources are available for providers, including but not limited to: various application forms, reporting templates, FAQs, and other documentation.
- As described, there is a significant range of financial management competence, as well as digital literacy capabilities amongst providers. Because of this, the Department receives many inquiries by providers requesting clarity of support, making the resources and tools provided by EDU an invaluable enabler of the program.
- Recently, the Department has also hosted town halls to ensure service providers have the opportunity to understand and ask questions in light of ongoing changes to the OGP (e.g., wage grid implementation and subsequent reporting requirements for centres, etc.). These are seen beneficial by providers.

Many forms and subsequent OGP requirements are paper-based

- Application forms, including renewals and amendments, as well as enrollment and wage grid stats are completed manually (often written) by service providers and sent to the Department for processing.
- The Department has begun the journey to procure and implement a new case management system that will open opportunities for efficient reporting, payment processing, and client-facing supports for parents, families, and ECEs.

Figure 7: Wage Grid & Centre Enrollment Statistics Instructional Video



Source: Department of Education, Child Care Centre Resources: <https://www.gov.nl.ca/education/files/Centre-Enrollment-Wage-Grid-Statistics-Overview.mp4>



Governance

Current State Findings | Governance

The OGP is overseen by the Department's Early Learning and Child Development Division and is delivered by its four regional offices and provincial office.

Program oversight for centre-based providers is driven regionally, in collaboration with the provincial office, while oversight for family child care homes remains with the Provincial Office

- The OGP was recently shifted to be operationalized out of the four regions across the province (i.e., St. John's Metro, Central East, Western, and Labrador) for centre-based providers, as opposed to being operationalized provincially. With this, regional financial assessment officers are responsible for reviewing reporting and processing payments accordingly. Regional social workers and child care consultants continue to visit services monthly and provide front-line support. For family child care homes, operationalization remains with the Provincial Office.
- As regional staff become increasingly familiar with the OGP and its requirements, stakeholders feel there are additional efficiencies to be realized with the shift, and as programs become increasingly streamlined.
- It is noted that primary decision-making, policy, and program leadership remain in place at a provincial level.

As the Province advances expansion towards child care being a public good, it has taken on the role of mentorship for service providers

- The Department has, out of necessity, traditionally provided support to licensed service providers participating in the OGP.
- This support provided by the Department has traditionally been reactive and/or ad-hoc based on service provider needs, although, the notion of mentorship was deliberately introduced and funded by the Quality Enhancement Program and informed by research in BC.
- To formalize its role and ensure a proactive approach to supporting providers, the Department is considering pursuing a formalized mentorship model.

There is limited coordination across the child care system to understand capacity requirements and recruit accordingly

- There is no true sense of supply and demand needs to inform system planning, nor are there mechanisms in place to prevent the "cherry-picking" that occurs amongst providers, or to ensure that child care placements are aligned to the needs of the children. The Department is working to implement a digital solution with a child care demand portal to enable the OGP and help guide targeted space creation.
- Despite the current challenges, providers, front-line practitioners, and parents/families, among other stakeholders, believe that there has been significant improvement in the OGP in the recent past and that there is a strong foundation to build upon to meet the future needs of the sector.
- The Department has recently partnered with a ECE HR Council to support ECE recruitment for the system, instead of each service provider being required to recruit individually. A virtual hiring hub is in progress so that recruitment is aligned with service demand and expansion efforts.



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Improvement Opportunities

Improving the Operating Grant Program

With a clear view of the current strengths and challenges as part of the program, improvement opportunities were identified to improve the efficacy and efficiency of the OGP.

The objectives of this review were to identify opportunities to improve the overall efficacy and efficiency of the OGP to better meet the needs of the child care sector across the province. The following section presents 24 improvement opportunities that have been developed in conjunction with the Project Steering Committee and draws from ideas solicited from discussions with various stakeholder groups on opportunities to improve the program, as well as key insights and learning opportunities from other jurisdictions, to address the key findings and issues highlighted as part of our engagement.

The improvement opportunities have been categorized into six dimensions aligned to the topics explored through this work and are underpinned by key principles that support the broader system: affordability, accessibility, inclusivity and flexibility, quality, and sustainability.



Governance



Funding & Rates



**Policies, Processes &
Requirements**



Accountability



Workforce



**Service Delivery
Enablers**

Ensuring alignment with broader child care sector objectives

- At time of writing, the Department has commissioned other reports and/or is in the process of implementing various plans / initiatives that should be complementary to the opportunities identified within this review. It is critical that implementation of improvement opportunities moving forward consider broader system planning initiatives to ensure the Department's efforts are coordinated and efficient.
- Further to this, we recognize the actions underway or that have been completed in recent years are contributing to the betterment of the child care sector overall.

Improvement Opportunities

ID	Opportunity	Description	Stakeholder Interviews	External Research
Governance				
A1	Streamline operational funding across EDU into “one-stop shop” for child care service providers	<ul style="list-style-type: none"> There has been considerable discussion as part of this review on whether all children, parents and their families’ needs are adequately served by the Department’s existing programs. To simplify operational funding to service providers, funding envelopes for different EDU programs and services (e.g., Inclusion Program, Quality Enhancement, Child Care Subsidy, etc.) should be re-aligned under the OGP to appropriately allocate funding to meet these needs. While the focus of this review did not consider broader funding envelopes and processes outside of the OGP, it was recognized that consolidating programs under a singular umbrella will streamline administrative processes (e.g., funding calculations, payment processes) for both the Department and service providers throughout the grant lifecycle, and will also allow for increased flexibility to allocate funds where they are most required (i.e., ability to respond to local child care priorities and needs), and will ensure that both quality and inclusion are central components of funding conditions moving forward. A single application process can be made even simpler and more accessible with a clear form and enabled by the digital solution currently being procured by the Department. A streamlined “one stop shop”, with an appropriate roll-out, should require less mentorship and support once understood by service providers. 	✓	✓
A2	Develop a provincial wait list for parents/families looking for spaces	<ul style="list-style-type: none"> Recognizing that parents and families currently register for individual centres and can sit on multiple wait lists, the Province can develop a provincial, centralized waitlist for spaces, similar to Quebec which has a centralized waiting list system for all subsidized and non-subsidized daycares and child care centres. In this model, parents select locations that they are interested in and are notified once an available space that matches the child’s needs and provider’s capabilities becomes available. A provincial waitlist not only streamlines access for parents, minimizes administrative burden for service providers, and limits “cherry-picking” by providers, but also allows the Province to collect data to inform decisions regarding the ELCC system at large, including expansion and growth of the OGP to match (e.g., parents may also be provided the option to self-declare the ethnicity and/or other relevant socio-demographic information of their child which can then be leveraged to match needs with available providers). 	✓	✓
A3	Further analyze child care system demand and capacity	<ul style="list-style-type: none"> To ensure long-term OGP funding sustainability, it is important for the Department to understand the true demand for spaces (now and in future). The creation of the Child Care Demand Portal will support this understanding; however, it is also important to understand how future population demographics will shift over time. Similarly, the Department should assess how much capacity exists in the system today (e.g., licensed spaces, workforce availability, etc.) to determine where utilization should increase or decrease, and where investments will be needed to address future service gaps as a critical element of system planning (and targeted expansion). Developing an understanding of future system needs through demand projections will allow the Department to make informed decisions on the long-term operational funding envelopes tagged to the OGP, and support re-negotiation efforts with the federal government as part of existing and/or future funding agreements. 	✓	✓

Improvement Opportunities

ID	Opportunity	Description	Stakeholder Interviews	External Research
Funding & Rates				
B1	Conduct a true-market costs analysis	<ul style="list-style-type: none"> The ongoing financial sustainability of service providers was a significant point of discussion throughout the course of this review, with many service providers and provincial employees articulating a concern that existing funding levels do not align with true market costs of delivery. Further to this, the variability in costs across (and within) geographic regions of the province is not considered beyond the 15% Labrador Allowance (which stakeholders noted may not be sufficient depending on the location of the service within the region). To better understand the true costs of delivering high-quality child care services in both centre-based and home-based delivery models, the Department should conduct a true-market cost analysis, considering the various expense lines (e.g., groceries, repairs / maintenance, equipment / supplies, salaries, support staff and/or replacement ECE coverage, rent, external audits, transportation, professional development, etc.) incurred by service providers. The analysis should recognize the potential geographic considerations (e.g., urban and rural/remote settings), as well as variability based on age cohorts, service type (e.g., union/non-union, for-profit/not-for-profit) and centre size/scale over the past number of years using readily available financial statement data. The outputs of this analysis will inform a revised rate structure across the province that more accurately aligns with the legitimate operating costs of high-quality service delivery and considers specialized funding supports for rural regions of the province. Critically, service providers should be informed of this exercise with time to digest and understand the implications of potential changes to rates as there will be a range of effects. Service providers can be both engaged (within the sample) and informed (external to the sample) so that they are brought along for the journey in alignment with good change management principles. The approach to the undertaking this work should include foundational steps including: messaging the upcoming analysis with all stakeholders (not just service providers, but internal stakeholders as well), information on what the analysis is seeking to deliver (and importantly what its not going to deliver), overview of the required information and the level of detail required, analysis of the geographies and service providers to understand the potential sample arrangements, planning timeframes to ensure it will be beneficial for future decision making processes. In addition, other improvements can proceed before this analysis, or in parallel, particularly those to do with quality and accountability back to the Ministry. As this analysis is being conducted, outcome-based accountabilities can be advanced. 	✓	✓

Improvement Opportunities

ID	Opportunity	Description	Stakeholder Interviews	External Research
Funding & Rates				
B2	Introduce regular inflationary adjustments	<ul style="list-style-type: none"> Many of the current concerns around financial sustainability by service providers are driven by an increase in core inflation for general items over the past number of years. Following the completion of the true-market cost analysis described above, the Department should consider introducing regular rate reviews (e.g., 2-3 years) to calibrate the level of funding provided to services through the OGP against inflation. This process may include working with a select subset of centre and home-based services to understand how external market pressures may be impacting their operating expenses on a year-to-year basis. This process will allow the Department to make informed funding decisions to ensure ongoing program sustainability (e.g., offering one-time grants to offset inflation, ongoing adjustments to rates, etc.). 	✓	✓
B3	Increase infant care rates	<ul style="list-style-type: none"> It is well-understood across stakeholder groups that the cost and efforts of providing child care to infants exceeds that of older age cohorts for a variety of reasons (e.g., staff-to-child ratios, additional equipment / supplies, etc.). Similarly, infant spaces are often those in very high demand. The daily rates for infants in both New Brunswick and Nova Scotia are four times that of their daily rates for school-aged children. To incentivize growth in infant spaces, the Department should increase daily rates offered to providers for infant care in line with the results of a true-market costs analysis. Irrespective of the results of the analysis, however, the Department must seek opportunities to ensure that rates are sustainable and do not jeopardize existing capacity in other parts of the system at the expense of other age cohorts. 	✓	✓
B4	Eliminate two-tiered rate structure	<ul style="list-style-type: none"> The current daily rate structure (e.g., base and enhanced/supplemental) has created a two-tiered system for providers across the province, with most services already availing of increased levels of funding beyond the base daily rates. Irrespective of the results of the market analysis previously described, the Department should eliminate the two-tiered structure and shift to a single rate, by age cohort and service type, similar to Alberta and British Columbia's rate structure. Shifting to a single rate will not only simplify processes for service providers, and reduce disadvantages for less mature service providers, but will also create internal efficiencies for the Department during the assessment and disbursement processes. With this, the Department should consider the results of the market analysis and determine how best to account for the regional cost variations within a single rate structure (e.g., opportunities to expand upon or refine existing Labrador Allowance). 	✓	✓

Improvement Opportunities

ID	Opportunity	Description	Stakeholder Interviews	External Research
Funding & Rates				
B5	Ensure flexibility in funding allocations to drive desired behaviours	<ul style="list-style-type: none"> To ensure those participating in the program are providing inclusive, quality child care, the Department should build flexibility into funding allocations to allow services to provide high-quality early learning opportunities to children. This flexibility allows for providers to have discretion of their allocated funds, but also recognizes source of legitimate costs in line with the outcomes the Department is looking to achieve. As part of this, the Department may consider incentives to further optimize available capacity within the system and/or continue to quality child care services across the province, including but not limited to: <ul style="list-style-type: none"> Services who consistently leverage licensed capacity beyond minimum enrollment requirements; Services who fill available spaces temporarily; Services who provide after-hours and/or weekend care; Services who provide specialized supports. It should be noted that optimizing available capacity should not come at the expense of service delivery quality, and with this, establishing clear and well-defined expectations related to service delivery quality (beyond legislative requirements) and appropriate reporting about how funding is spent is a key dependency, as described in opportunity D3. Further to this, the focus should be on supporting all services to achieve a minimum level of quality, providing funding to meet legislative requirements and offering consultation/support to make quality improvements - not just financially rewarding providers after they have achieved higher quality service standards; however, financial incentives can be tailored to encourage providers to both optimize quality and capacity. 	✓	✓

Improvement Opportunities

ID	Opportunity	Description	Stakeholder Interviews	External Research
Program Policies, Processes & Requirements				
C1	Increase the minimum enrollment criteria	<ul style="list-style-type: none"> To ensure child care centres are maximizing their available capacity, and the Department is not funding spaces which may otherwise be filled, the existing 70% minimum enrollment criteria for child care centres to receive its full quarterly funding allotment should be increased. While determining a specific enrollment threshold was not the primary focus of this work, the Department should consider the impact on centre size and type when adjusting enrollment requirements and build the appropriate variables into the calculation (e.g., ensure smaller centres, centres in remote geographic areas, and/or centres with staffing challenges are not negatively impacted by an increased enrollment threshold). 	✓	
C2	Clarify voluntary closure policies	<ul style="list-style-type: none"> Current OGP policy covers 'reasonable closures' but instills a sense of arbitrariness and in some cases, drives misuse amongst providers. To reduce the number of voluntary closures across the system (and as a result to ensure government funds are spent appropriately), the Department should clarify the existing voluntary closure policy for family home child care providers to indicate the maximum allowable closures per year to maintain eligibility for full OGP funding allotments. The Department should also ensure appropriate exceptions built into policy for non-voluntary closure days As part of this, the Department should consider reducing the number of provincial government holidays offered to allow for additional flexibility for providers, in line with the revised maximum allowable yearly closures. As further described in opportunity G1, the policies should also be clearly communicated to parents and families across the sector to ensure expectations are clear amongst all parties. 	✓	
C3	Extend full-time hours policy	<ul style="list-style-type: none"> In the current legislation, full-time child service is 4.5 hours, and consequently, some child care services are seen to shorten their day, while still receiving the full-time daily rates for their spaces. From a business owner's perspective, there may be very little incentive for providers to extend services for additional hours. To promote financial efficiency within the program, the Department should consider extending the full-time hours requirement as it relates to OGP funding. For example, the City of Toronto considers a full day to be a continuous 7 hours for services to receive full-time equivalent operational funding. Service providers who shorten their days at various thresholds should have their daily funding allotments pro-rated accordingly. 	✓	✓

Improvement Opportunities

ID	Opportunity	Description	Stakeholder Interviews	External Research
Program Policies, Processes & Requirements				
C4	Offer multi-year service agreements	<ul style="list-style-type: none"> To provide additional stability to service providers availing of operating grant funding, the Department should consider "locking-in" participation in the OGP for a set period through multi-year service agreements (e.g., 2-3 years). This will drive consistency and predictability for service providers which can help them better plan and allocate resources, and can also reduce administrative work for the Department as it can focus on supporting providers and improving the program rather than reviewing and processing redundant applications. For these agreements, the Department may consider higher-readiness child care services (i.e., more mature providers with a strong understanding of program requirements, compliance, and financial management capabilities) who are willing to commit to the OGP over the determined term and do not have any history of fraudulent activities. A fraud policy should accompany these agreements. Consideration should be given to the potential for clawbacks due to the reconciliation of current service agreements as net new agreements are introduced and should be communicated appropriately. 	✓	
C5	Clarify payment schedules	<ul style="list-style-type: none"> The current payment process and pay date is dependent on providers submitting enrollment and reporting in a timely manner, creating potential delays and uncertainty in the payment process. To provide centre and home-based providers with a clear understanding of payment timelines, the Department should establish service standards to denote the payment completion timeframe relative to reporting submission. Alberta, as an example, provides payment within 5 to 10 business days of a submitted claim and notifies providers directly if there will be a delay. Service standards should be clearly published in policies and clearly communicated to the sector to reduce uncertainty and potential frustration, while helping to build trust between the OGP and service providers. In the long-term, the Department may also consider building in additional flexibility to payment schedules (e.g., shifting from quarterly to monthly) that could provide service providers with a more regular and predictable cash flow. It is important to consider, however, the existing constraints when adjusting payment processes and fiscal year considerations. Adjusting payment timelines should not create an undue burden on Department staff and would likely require improvement to supports to enable this. 	✓	✓

Improvement Opportunities

ID	Opportunity	Description	Stakeholder Interviews	External Research
Accountability				
D1	Create mechanisms that allow parents to seek support and enhance their role in driving accountability	<ul style="list-style-type: none"> To protect against potential fraud and abuse across the sector, parents and families may be able to play a more active role in driving accountability amongst providers. Currently, not all parents feel comfortable reporting and/or seeking support for a range of inquiries or perceived violations of OGP policy, in fear of their child losing a space with the service. To alleviate these concerns, the Department should create protective mechanisms that allow for parents to speak out while ensuring their child cannot be dismissed as a result, similar to the Child Care Parent Advisory Committee in Manitoba or the Licensed Child Care Complaint Process in British Columbia. Such mechanisms may include, but are not limited to: <ul style="list-style-type: none"> Parent advisory committees and/or sub-committees within each region to triage concerns or questions Anonymous Q&As Policy updates to more closely link funding conditions with wrongful dismissals Introducing ad-hoc parent / family verifications to reconcile attendance and closures with quarterly enrollment stats submitted by centres As various mechanisms are introduced, the Department should be mindful of introducing additional processes (and paperwork) which can create low-value administrative work for staff, as well as inaccurate and/or misleading reports by parents and families to ensure that service providers are equally protected. While the impetus of this opportunity is framed to ensure parents are not “fearful” to voice their concerns about OGP policy violations, it may also serve as a forum to triage key successes, lessons learned, and opportunities to improve service delivery quality from parents' perspectives moving forward. 	✓	✓

Improvement Opportunities

ID	Opportunity	Description	Stakeholder Interviews	External Research
Accountability				
D2	Standardized service operator - parent contracts	<ul style="list-style-type: none"> Parents and families are not always aware of the terms and conditions of OGP participation at their service other than their daily fee; they trust that policies at child care services and contracts they sign with the service are compliant with OGP participation. To ensure that the front line service delivery is aligned to OGP funding conditions, the Department should consider offering sample standardized contracts between parents and providers participating in the OGP, and clearly defining what information must be present in the contract. For example, British Columbia provides a templates for parent/child - provider contracts. Additionally, the Department may consider adopting policy that prevents providers from spontaneously developing and implementing policy through informal channels (e.g., chat groups, social media) instead of through the operator – parent contract. Should the Department be notified that a parent contract misrepresents OGP participation requirements, the provider should be notified and the next quarterly funding allotment adjusted and/or withheld until the contract is updated. Similarly, the Department should ensure levers exist in OGP to repay to parent funds recovered from services that have implemented inappropriate fees. 	✓	✓
D3	Revisit financial accountability measures	<ul style="list-style-type: none"> While there are existing monitoring and evaluation measures in place, as the Department streamlines its funding envelopes it should revisit its associated financial accountability measures to inform funding decisions associated with target outcomes. It is critical that the Province ensures public accountability by providers for the use of public funds. With this, the Department should refine and strengthen its ongoing and detailed financial accountability monitoring to reconcile the spending discretion it is allowing amongst service providers. This premise aligns with the key considerations outlined by ELCC subject matter expert Gordon Cleveland, where detailed reconciliation is key to understand how funding has been spent, in line with desired behaviours. Further to this, it is critical the Department ensures year-end audit requirements are clear within its service level agreements with centres, such that providers understand reconciliation / auditing processes and needs, in line with the Department's funding decisions. 	✓	✓

Improvement Opportunities

ID	Opportunity	Description	Stakeholder Interviews	External Research
Workforce				
E1	Explore enhanced employee benefits	<ul style="list-style-type: none"> To further incentivize qualified individuals to enter and remain in early childhood education, the Department should consider exploring enhanced employee benefits. 	✓	
E2	Consider a substitute and/or replacement ECE program	<ul style="list-style-type: none"> To provide a reliable source of support for service providers with staffing challenges, the Department may consider formalizing a substitute and/or replacement ECE program. This program could centralize substitute or replacement staff needs for providers who are unable to remain open during emergency or targeted situations where coverage gaps may exist. While a substitute and/or replacement ECE program will reduce uncertainty for providers and the number of service disruptions, the Department must consider the existing shortages across the sector today and how the system will scale in the future, especially in rural areas. Further to this, the Department should be mindful of how a substitute program will impact a service's funding. 	✓	✓
E3	Expand training and professional education opportunities	<ul style="list-style-type: none"> Stakeholders engaged in this review noted that many frontline staff are observing an increase in the wide array of needs amongst children (e.g., trauma, cultural differences, etc.) and they may not have sufficient training to manage the increasing prevalence and intensity of supports required. Continued investments in training and professional development will better position ECEs to respond to these needs. To accomplish this, the Department should look to leverage internal expertise, AECENL, and/or other industry associations to provide additional professional learning (e.g., inclusionary practices) for ECEs to strengthen their ability to meet the needs of children and their parents/families. As part of expanding training and education supports, the Department may consider offering financial incentives (e.g., one-time payments, additional compensation etc.) for ECEs to encourage additional education qualifications and/or ongoing professional development aligned to the most pertinent needs of the sector. 	✓	✓

Improvement Opportunities

ID	Opportunity	Description	Stakeholder Interviews	External Research
Workforce				
E4	Continue efforts to professionalize ECE role	<ul style="list-style-type: none"> The Department to stay on track with these efforts and leverage the OGP as a mechanism to facilitate progress, as stakeholders noted ongoing implementation considerations as part of the rollout (e.g., working with centres on reporting requirements, union requirements, etc.) As part of this, the Department may consider pro-rating the Administrator Bonus to reflect the actual number of hours worked on planning and pedagogical practices; this would ensure that bonuses are allocated in a way that enhances service delivery. To continue to professionalize the role beyond funding considerations, the Department should also consider updating language in existing legislation which refers to ECEs as <i>"caregivers"</i> to <i>"educators"</i>. 	✓	✓

Improvement Opportunities

ID	Opportunity	Description	Stakeholder Interviews	External Research
Service Delivery Enablers				
F1	Promote understanding of service level expectations and regulations	<ul style="list-style-type: none"> To promote understanding of service level expectations and regulations among parents and families, the Department should consider implementing mechanisms to assist parents in understanding their entitlements and the limitations of providers while participating in the OGP. This would better equip parents to identify incorrect fees and other issues, reducing the risk of fraud in the system. These mechanisms could include updating the website to ensure it provides accurate and up-to-date information or standing up parent committees, as referenced in opportunity D1. The Department should also consider promoting an understanding of service level expectations and regulations for working conditions among ECEs. Understanding appropriate working condition expectations under OGP would enable ECEs to advocate for fair working conditions, escalate grievances to the province as needed and increase job satisfaction and well-being. To provide key information to parents and ECEs, the Department could use direct channels, such as social media, newsletters, and direct mail campaigns or indirect channels, like dictating what information providers need to relay to parents and ECEs. For example, Alberta legislation specifies the types of information that should be provided to parents by providers to ensure transparency. 	✓	✓
F2	Continue to expand online supports/services	<ul style="list-style-type: none"> To reduce administrative burden on providers and encourage participation in the OGP, the Department should continue to expand online supports and services for providers, such as developing user-friendly templates and other digital tools to streamline manual administrative processes like applications, reporting, and auditing procedures. Focused planning will be required to move away from the ad-hoc approach currently being leveraged to support service providers towards a more proactive approach to offering ongoing support. This could include offering regularly scheduled training webinars or creating internal communities of practices as a means to support knowledge-sharing amongst ECEs, Administrators, and other relevant practitioners across the sector. 	✓	

Improvement Opportunities

ID	Opportunity	Description	Stakeholder Interviews	External Research
Service Delivery Enablers				
F3	Develop a pre-approved list of community partners	<ul style="list-style-type: none"> Many providers may not have the capacity to research and vet potential community partners on their own who can provide the support they need. The Department can support providers by developing a pre-approved list of community partners across a range of areas who could help centres and family care homes with a variety of needs. The list could include financial partners (e.g, accountants), who would provide financial guidance to providers that lack experience with audits and reporting or non-financial partners (e.g., education institutions, community organizations, etc.) that the government is already partnered with and whose services could be leveraged. The Department could potentially negotiate deals with these partners to make the services more affordable. To ensure that this equitable support is available to all child care services, regardless of location, virtual service offerings could be prioritized for the pre-approved list. 	✓	
F4	Streamline processes for all applicable grants	<ul style="list-style-type: none"> To provide a more seamless and efficient process for both providers and staff as funding shifts towards a single umbrella, the Department should look to centralize the application processes (i.e., initial application, renewals, amendments, etc.) to the various EDU funding programs. This will reduce bottlenecks and duplicative efforts by providers and government staff alike. Often times, service providers are not aware and/or do not avail of additional government funding sources outside of the OGP or those provided by EDU (i.e., there may be cases where providers are eligible to apply for a range of grants offered by other areas of government). In the long-term, the Province may consider streamlining application processes for funding beyond those provided by EDU. 	✓	✓

DRAFT – FOR DISCUSSION PURPOSES ONLY



Roadmap

Roadmap | Summary

This section provides a high-level roadmap, outlining the proposed timing and sequencing of recommendations within each focus area to depict short-, medium-, and longer-term opportunities.

Implementation of the opportunities as outlined in the previous section of this report will require focus, patience, change management and support. The following section offers a proposed high-level roadmap, outlining the relative timing and duration of each of the recommendations based on the opportunity prioritization (presented on the following page and tested with the Steering Committee).

The roadmap is intended to provide an illustrative view of sequencing across focus areas, as opposed to exact start/end timing and duration (i.e., there may be ample opportunity to accelerate and/or implement recommendations in parallel). In some cases, there are dependencies between the recommendations that may require deliberate planning and engagement, and that should be considered relative to broader ELCC transformation initiatives, including ongoing workforce and expansion efforts.

In summary, it is proposed that implementation activities are focused within a 3-year implementation horizon, recognizing that particular activities may continue beyond this timeframe and the time to value benefit realization will vary across opportunities.

We have organized the recommendations into three categories for implementation:

- **Short Term (first 12 months) – Design the Future – Quick Wins & High Priority**
- **Medium Term (12 to 24 months) – Advance with Patience**
- **Long Term (24 to 36 months) – Continued Development**

The proposed roadmap may require the Department to dedicate resources to initiate the implementation of the improvement opportunities, as well as build buy-in and accountability from other sectors of government and service providers. Some opportunities may also require additional resources to implement; the availability and capacity of program and policy resources, as well as front-line staff, should be considered by the Department as it mobilizes against discrete opportunities, and should also consider sequencing relative to the Department's other ongoing or planned initiatives.

Prioritizing Improvement Opportunities

Each improvement opportunity was assessed with respect to its impact relative to OGP efficiency and effectiveness, alignment to sector needs and child care service delivery, as well as the anticipated ease of implementation.

Prioritization Criteria Considerations

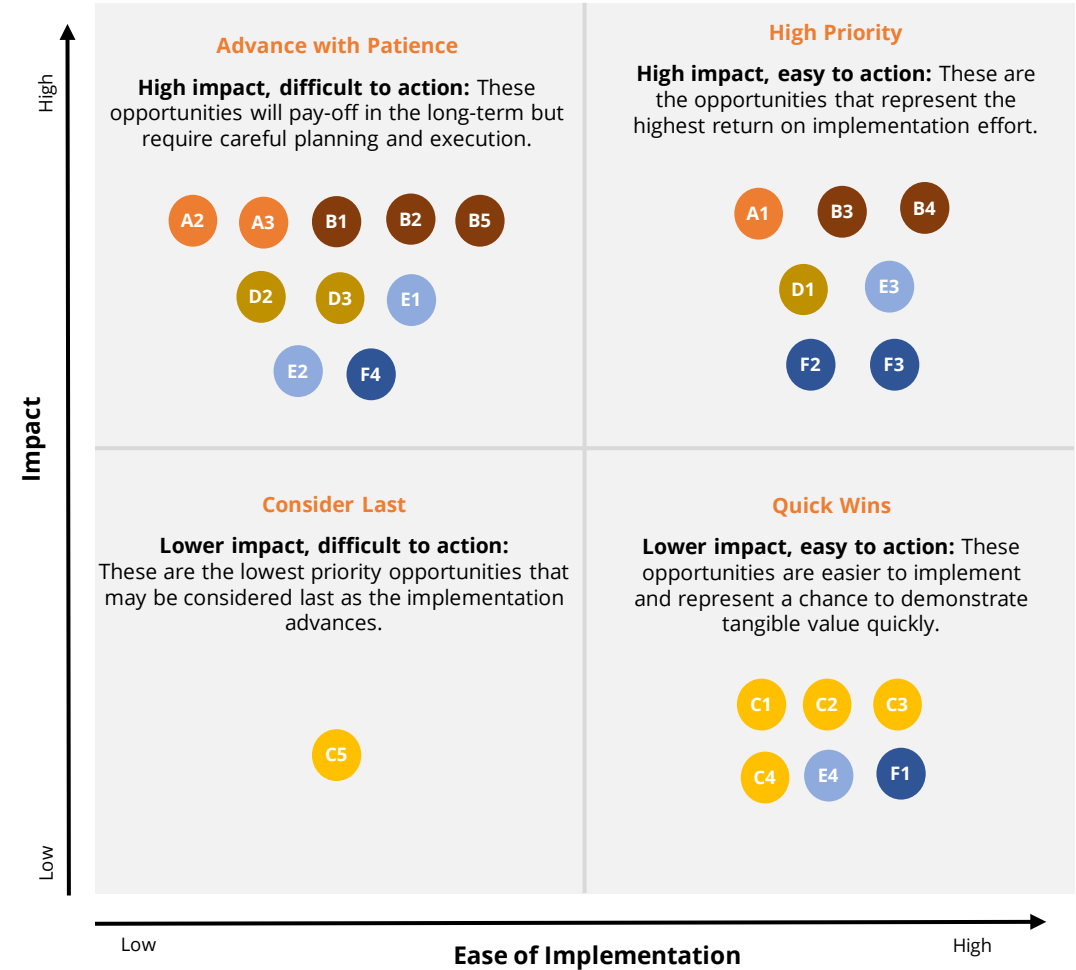
Impact:

- Improvements to OGP efficiency and effectiveness
- Improvements to Child Care System Service Delivery
- Alignment to sector needs

Ease of Implementation:

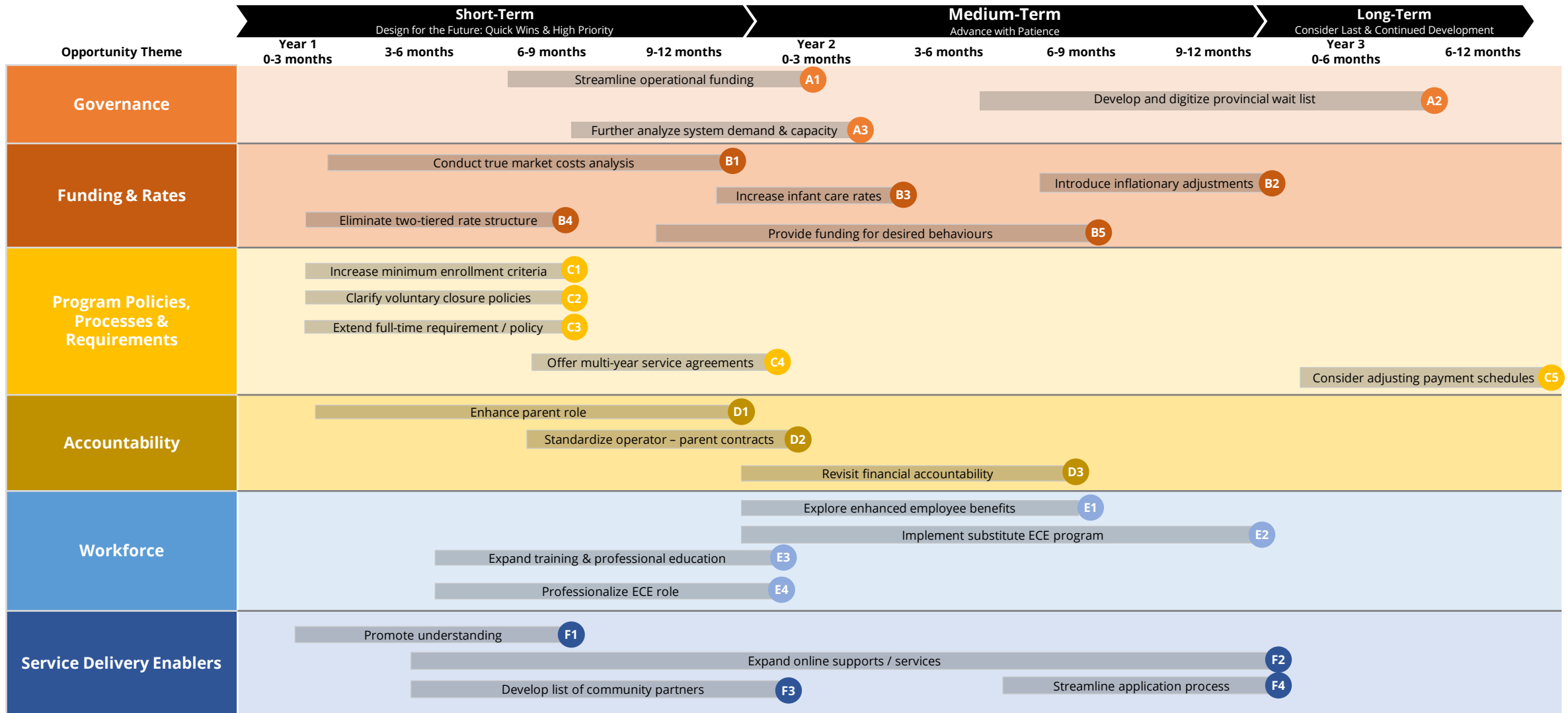
- Timing
- Resource requirements
- Investment needs
- Level of control

- The prioritization matrix above summarizes the assessment of improvement opportunities against evaluation criteria. This assessment was completed independently by Project Steering Committee members and leveraged the insights and feedback provided through the initial phases of the review.
- The Project Steering Committee assessed each opportunity against the prioritization criteria and scored it on a scale of 1 to 10 for both implementation and impact. This assessment informed the prioritization of improvement opportunities, and ultimately the recommended approach to implementation detailed in the following slide.
- To some degree, the prioritization is subject to change based on sector needs, priority outcomes being sought by the Department, and situational factors that may change during implementation (e.g., evolution of stakeholder readiness for change, the availability of new sources of investment, changing sector needs, etc.).



High-Level Roadmap

The following roadmap is 'simple by design' and is solely a ***recommended sequencing of initiatives***. The Department is not beholden to the timeline and will choose how and if to action based on capacity, engagement and fiscal cycles.



Roadmap | Governance

ID	Opportunity	Key Activities	Timeline	Potential Unintended Impacts	Mitigations
Governance					
A1	Streamline operational funding across EDU into “one-stop shop” for child care service providers	<ul style="list-style-type: none"> • Seek leadership buy-in and approvals • Assess impacts to formally amalgamating programs • Revise associated processes / policies to align funding lifecycles (e.g., funding calculators, MERCS %s,) • Inform service providers of the change of processes and provide initial support 	Short-Medium Term	<ul style="list-style-type: none"> • No foreseen unintended impacts for the sector as this will improve user experience • Will require, however, good communications regarding the revised processes 	N/A
A2	Develop a provincial wait list for parents/families looking for spaces	<ul style="list-style-type: none"> • Understand key functional and technical requirements • Identify and procure solution • Consolidate existing wait lists • Develop relevant policies and procedures • Implement solution • Educate the sector 	Medium Term	<ul style="list-style-type: none"> • Service provider / parents may be unhappy about the perception of a lack of choice 	<ul style="list-style-type: none"> • Change management and education during roll-out phase • Ensuring service provider capabilities are aligned to system needs
A3	Further analyze child care system demand and capacity	<ul style="list-style-type: none"> • Understand existing demand for child care spaces • Forecast future demand by population growth / demographic shifts • Assess impact on existing system capacity for spaces 	Short Term	<ul style="list-style-type: none"> • No foreseen unintended impacts for sector as this will inform data-driven decision-making 	N/A

Roadmap | Funding & Rates

ID	Opportunity	Key Activities	Timeline	Potential Unintended Impacts	Mitigations
Funding & Rates					
B1	Conduct a true-market costs analysis	<ul style="list-style-type: none"> Define a representative sample set of service providers Collect and consolidate historical financial documentation Analyze the operational expense data Compare and adjust existing rates, as required 	Short to Mid Term	<ul style="list-style-type: none"> Sample of service providers is not representative and produces inaccurate rates Funding sustainability (e.g., if current rates significantly under results of market assessment) Risk of minimal service provider engagement 	<ul style="list-style-type: none"> Analysis should consider differences in geography, age cohorts served, service type, size, and maturity Assess go-forward funding decisions with consideration of long-term funding sustainability Appropriate communications and education on the advantages of participating in this study are crucial (ie, the potential for rates to align with rising market costs)
B2	Introduce regular inflationary adjustments	<ul style="list-style-type: none"> Establish a schedule for rate reviews Collect data to understand how external market pressures are impacting child care service operations Leverage data to inform go-forward funding decisions / adjustments 	Short Term	<ul style="list-style-type: none"> Funding sustainability (e.g., if external pressures continue to drive up annual operating expenditures) 	<ul style="list-style-type: none"> Assess go-forward funding decisions with consideration of long-term funding sustainability
B3	Increase infant care rates	<ul style="list-style-type: none"> Determine appropriate infant care rates according to true-market costs analysis in Opportunity B1 Update associated policies and documentation Communicate changes to service providers 	Short Term	<ul style="list-style-type: none"> Increase in infant space capacity, at the expense of other age cohorts 	<ul style="list-style-type: none"> Assess growth in infant spaces relative to overall system needs

Roadmap | Funding & Rates

ID	Opportunity	Key Activities	Timeline	Potential Unintended Impacts	Mitigations
Funding & Rates					
B4	Eliminate two-tiered rate structure	<ul style="list-style-type: none"> Review results of market analysis to determine appropriate single rate Update policy documents and requirements Communicate changes to service providers 	Short Term	<ul style="list-style-type: none"> Regional cost variations are not accounted for under the single rate structure 	<ul style="list-style-type: none"> Consider the results of the market analysis (Opportunity B1) to expand or refine upon rural allowances
B5	Ensure flexibility in funding allocations to drive desired outcomes	<ul style="list-style-type: none"> Establish provincial priorities and desired outcomes Develop flexible funding criteria so that service providers can spend dollars on delivering to outcomes Update policy documents and requirements Communicate changes to service providers Ensure accountability mechanisms are in place and that reporting defines how the service provider is meeting outcomes and associated metrics 	Short-Medium Term	<ul style="list-style-type: none"> Service provider spending misaligned to desired outcomes 	<ul style="list-style-type: none"> Cost controls to reconcile funding decisions back to outcomes Guidance on service provider spending

Roadmap | Program Policies, Processes & Requirements

ID	Opportunity	Key Activities	Timeline	Potential Unintended Impacts	Mitigations
Program Policies, Processes & Requirements					
C1	Increase the minimum enrollment criteria	<ul style="list-style-type: none"> Determine appropriate threshold for minimum enrollment requirements Seek appropriate approvals Update policy documentation and go-forward funding calculations Communicate changes to service providers 	Short Term	<ul style="list-style-type: none"> Smaller centres, centres in remote areas, and centres with staffing challenges may be unable to meet increased enrollment threshold 	<ul style="list-style-type: none"> Consider the impact on centre size and type when adjusting enrollment requirements and build the appropriate variables into the calculation or digital logic
C2	Clarify voluntary closure policies	<ul style="list-style-type: none"> Determine appropriate number of voluntary closure days Clearly define voluntary and involuntary closures Seek appropriate approvals and buy-in Update policy documentation Communicate changes to service providers 	Short Term	<ul style="list-style-type: none"> Service provider pushback 	<ul style="list-style-type: none"> Change management with service providers
C3	Extend full-time hours policy	<ul style="list-style-type: none"> Determine the appropriate service hours required to receive OGP funding and meet service expectations for working parents Seek appropriate approvals Update policy documentation Communicate changes to service providers 	Short Term	<ul style="list-style-type: none"> Potential financial impact to centres reliant on full-time funding for current hours of operation 	<ul style="list-style-type: none"> Change management Ensuring appropriate daily rates are provided

Roadmap | Program Policies, Processes & Requirements

ID	Opportunity	Key Activities	Timeline	Potential Unintended Impacts	Mitigations
Program Policies, Processes & Requirements					
C4	Offer multi-year service agreements	<ul style="list-style-type: none"> • Develop terms and conditions for multi-year agreements • Determine eligibility criteria • Communicate opportunity and criteria to service providers • Update application systems to accommodate 	Short – Medium Term	<ul style="list-style-type: none"> • Requires longer term buy-in and may be met by resistance from certain service providers, but ultimately minimizes effort for both service providers and the Department 	<ul style="list-style-type: none"> • Appropriate communication to the benefits of a multi-year service agreement and good change management
C5	Clarify payment schedules	<ul style="list-style-type: none"> • Engage Financial Assessment Officers and determine appropriate payment timelines • Update policy documentation • Communicate changes to service providers 	Medium Term	<ul style="list-style-type: none"> • Has a dependency on any changes to the program or lifecycle, including amalgamating programs into a 'one stop shop'. If payment clarification occurs and then changes are made, stakeholder fatigue and confusion becomes a risk. 	<ul style="list-style-type: none"> • Engage assessment officers to determine payment timeline feasibility • Inform service providers when payment schedules are definitive upon any changes to the OGP lifecycle.

Roadmap | Accountability

ID	Opportunity	Key Activities	Timeline	Potential Unintended Impacts	Mitigations
Accountability					
D1	Create mechanisms that allow parents to seek support and enhance their role in driving accountability	<ul style="list-style-type: none"> Establish regular communication channels with parents Develop system for collecting and responding to parent feedback and concerns Create opportunities for parents to participate in governance and decision-making, such as an advisory committee 	Short Term	<ul style="list-style-type: none"> Inaccurate and/or misleading reports by all stakeholder groups Ad-hoc advisory and planning mechanisms that aren't coordinated or feeding insights back to the larger ELCC transformation agenda 	<ul style="list-style-type: none"> Establish clear reporting and governance guidelines and opportunities to cross-check information
D2	Standardized service operator - parent contracts	<ul style="list-style-type: none"> Gather sample service operator – parent contracts Establish necessary information service providers must provide to parents Develop template(s) Share template(s) and information requirements with service providers and parents/families 	Short Term	<ul style="list-style-type: none"> Service provider pushback 	<ul style="list-style-type: none"> Change management
D3	Revisit financial accountability measures	<ul style="list-style-type: none"> Identify gaps or weaknesses in current measures related to streamlining funding Revise policies and procedures and implement new reporting requirements Provide training both internally to staff and to service providers on new accountability measures 	Medium Term	<ul style="list-style-type: none"> Increased administrative burden for service providers, resulting in lower participation in the OGP or unclear financial documentation 	<ul style="list-style-type: none"> Continue to expand online supports and digital tools to aid in financial literacy amongst providers

Roadmap | Workforce

ID	Opportunity	Key Activities	Timeline	Potential Unintended Impacts	Mitigations
Workforce					
E1	Explore enhanced employee benefits	<ul style="list-style-type: none"> Conduct needs and feasibility assessment to identify opportunities for enhancing benefits Develop framework for enhanced benefits per assessment findings Communicate outcome to service providers 	<ul style="list-style-type: none"> Medium Term 	<ul style="list-style-type: none"> No foreseen unintended impacts for the sector as this will improve ECE experience 	N/A
E2	Consider a substitute and/or replacement ECE program	<ul style="list-style-type: none"> Develop policy framework and guidelines Establish system for screening Market program to potential ECE substitutes Communicate program to service providers 	<ul style="list-style-type: none"> Medium Term 	<ul style="list-style-type: none"> Increasing overall workforce burnout given capacity and supply challenges across the system at large 	<ul style="list-style-type: none"> Consider opportunities to leverage other like-professions Appropriate guardrails to prevent misuse of program amongst providers
E3	Expand training and professional education opportunities	<ul style="list-style-type: none"> Engage ECEs to identify gaps in current training Connect with internal expertise (e.g., AECNL, and/or other industry associations) to identify potential solutions Co-develop curriculums Promote opportunities to ECEs 	<ul style="list-style-type: none"> Short-Medium Term 	<ul style="list-style-type: none"> Service providers not having the capacity to engage in training due to lack of resources 	<ul style="list-style-type: none"> Offer flexible training and professional education opportunities like e-learning or on-the-job peer learning opportunities

Roadmap | Workforce

ID	Opportunity	Key Activities	Timeline	Potential Unintended Impacts	Mitigations
Workforce					
E4	Continue efforts to professionalize ECE role	<ul style="list-style-type: none">• Maintain ongoing initiatives across the Department• Continue to assess wage grid implementation and refine requirements as required• Continue to identify opportunities to support the workforce	Short Term	<ul style="list-style-type: none">• No foreseen unintended impacts for the sector as this will improve ECE experience	N/A

Roadmap | Service Delivery Enablers

ID	Opportunity	Key Activities	Timeline	Potential Unintended Impacts	Mitigations
Service Delivery Enablers					
F1	Promote understanding of service level expectations and regulations	<ul style="list-style-type: none"> Identify gaps in understanding amongst parents/families and ECEs Develop clear and concise messaging (e.g., update the website, etc.) Establish regular communication channels with parents (e.g., gauge interest and assess impacts of establishing a Parent Advisory Committee) 	Short Term	<ul style="list-style-type: none"> No foreseen unintended impacts for the sector as this will improve parent/family experience 	N/A
F2	Continue to expand online supports/services	<ul style="list-style-type: none"> Identify key needs Design and develop user-friendly templates and digital tools to address needs Test and refine templates and tools Launch for service providers Offer ongoing support, as required (e.g., training webinars, etc.) 	Short-Medium Term	<ul style="list-style-type: none"> Digital literacy challenges amongst service providers 	<ul style="list-style-type: none"> Ongoing change management and education with consideration of a pilot and/or phased roll-out

Roadmap | Service Delivery Enablers

ID	Opportunity	Key Activities	Timeline	Potential Unintended Impacts	Mitigations
Service Delivery Enablers					
F3	Develop a pre-approved list of community partners	<ul style="list-style-type: none"> Identify types community partners that would be useful to service providers Conduct outreach Negotiate terms with interested partners Issue list on the website and directly to service providers 	Short Term	<ul style="list-style-type: none"> Community partner locations may provide greater benefits to service providers in urban areas 	<ul style="list-style-type: none"> Prioritize and select partners that can provide virtual service offerings to ensure equitable support, regardless of location
F4	Streamline processes for all applicable grants	<ul style="list-style-type: none"> Review all processes and identify opportunities to simplify or automate Develop standardized templates and guidelines Implement a centralized grant management system Revise associated policy as needed Provide training and resources to OGP staff and service providers with a phased roll-out 	Medium Term	<ul style="list-style-type: none"> Confusion amongst the sector of new changes or a perception that programs have 'disappeared' 	<ul style="list-style-type: none"> Engagement and change management required Digital enablement may require a phased roll-out of training



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Concluding Remarks

Concluding Remarks

- The analyses and recommendations laid out in this report set forward ongoing improvements to the Operating Grant Program, and serve to support the initiatives currently underway and/or planned to further improve the child care sector in Newfoundland & Labrador.
- We believe these recommendations allow for the Department to be responsive to the identified needs – and unmet needs – of child care service providers and align well with the principles underlying this work:
 - **Affordable** child care services for parents and families
 - **Accessible** services for parents and families across the province, regardless of their circumstances
 - **Inclusive and flexible** for parents, families, and children, regardless of their needs
 - **Quality** child care service delivery, supported by qualified staff to support early learning and child development
 - **Longevity** to meet the future needs of the sector
- The suggested sequencing of recommendations provides a structured and deliberate approach to improve the OGP, but the timeline is a recommendation only and will be advanced at the discretion of the Department. The implementation of these recommendations will require dedicated time, effort and collaboration between the Province, child care service providers, industry associations, and community partners. Implementation will not be easy, but is necessary to continue to lay the foundation for a shift in the way child care services are funded, delivered, and accessed by all parents and families across the province.





Appendix A: Jurisdictional Scan

About this jurisdictional scan

Deloitte's jurisdictional research took a targeted approach to identifying leading practices and lessons learned from selected jurisdictions to further our understanding of operational funding models in the advancement of an accessible and inclusive child care system.

Our Approach

This jurisdictional scan includes the key programs, strategies, and approaches that different governments have taken as part of their child care operating grant models. The purpose of this scan is to identify opportunities for EDU to consider and potentially implement to improve its efficiency and effectiveness, including accountability mechanisms and other process improvements. Jurisdictions were selected by the Steering Committee, supported by Deloitte's input and consideration, for inclusion in the review.

The jurisdictional scan comprised the following elements:

- Interview with subject matter expert, Dr. Gordon Cleveland, to solicit input on the leading practices on funding practices in the child care sector;
- Desktop research on in-scope programs across selected jurisdictions;
- Interviews with government/program stakeholders in selected jurisdictions; and
- Review of data and documentation provided as follow-up to these discussions.

Research and discussions with stakeholders from each jurisdiction were focused on understanding their current child care systems and funding model(s) in place, how they capture outcomes and drive accountabilities, and finally, what is working well, and where there may be challenges areas or lessons learned.

Selected jurisdictions

British Columbia



City of Toronto



Ireland



The pages that follow highlight the key findings from this work to-date for EDU's consideration.

Summary

This scan has identified key learnings from other jurisdictions' funding programs and leading practices for consideration in the Newfoundland & Labrador context.

British Columbia:

- The program started as a revenue replacement model, however, to ensure equity in funding, it was moved to a cost reimbursement model along with fee subsidies
- The program caps the percentage of profits that a service can make at 5%
- There are 5 components of the funding HR, Benefits, Administration, Operating expenses, Lease expense. Some of the component allocations are fixed. Administrative expenses being capped at 10-15%
- The new 10\$ model is being implemented in a phased manner at selected 50 centres to understand and learn on the go basis for a larger province wide implementation

Toronto:

- The funding model is a budget-based model that reimburses the expenses of the providers based on predefined guidelines. There is also a fee subsidy component.
- The centres cannot retain more than 10% as a surplus.
- There are teams to ensure compliance and training. Training are conducted in a regular fashion
- Based on socio economic data, funding for inclusions is directed to service in concentrated areas
- There are strong IT systems in place aided by well defined guidelines around operations, quality.
- The move towards new funding model will be in a phased manner.

Ireland:

- In order to ensure stability of funds to the operator's, core funding does not use attendance as calculation component
- To tackle social economic disadvantage the funding has a universal and targeted components as well
- Dedicated City/County child care Committees(CCC) which act as the local agents helping resolve the quires of providers and parents
- The implementation of the new model was preceded by a major upgrade in IT systems

PERSPECTIVES ON LEADING PRACTICES:

- ✓ Program objectives should be well-defined and funding systems should be simplified.
- ✓ The majority of costs can be standardized through wage grid implementation, consistent educator-to-child ratios, and stable hours of operation.
- ✓ Enrollment / attendance funding criteria should consider time-based averages, as opposed to point-in-time data, as well as population / geographic considerations.
- ✓ Operating grants should include a subcomponent-based allocation approach, while ensuring providers have the flexibility to allocate subcomponents of grant funding to meet the needs of their clients
- ✓ Build robust accountability mechanisms through reporting and other solutions to ensure program objectives and client needs are being met.

British Columbia

Funding Model

- BC's child care funding program, the Child Care Operating Funding (CCOF) program, is centered around three key pillars: Inclusion, Affordability, Access. While the program began as a revenue replacement model for providers, it has since shifted towards a reimbursement model where government is the primary funder aiming to assist with the day-to-day costs of running a licensed child care facility, reduce fees for parents, and enhance ECE wages.
- Broadly speaking CCOF has three core components: CCOF Base Funding, the Child Care Fee Reduction Initiative (CCFRI), and the Early Childhood Educator Wage Enhancement (ECE-WE).
 - CCOF Base Funding payments to providers are driven by multiplying the rate that is applicable to their license type (e.g., Group or Multi-Age License, Family License) and service type by their number of enrollments.
 - The Base Funding payment frequency to eligible providers is monthly, distributed against five funding envelopes: Human Resources (e.g., benefits), General Administration, Programming (e.g., supplies, etc.) Operations (e.g., insurance, grounds, amenities), and Facilities (e.g., leases).
 - There are some limits around utilization of the funds beyond the predefined allocations (e.g., HR funding cannot be reallocated, administration funding cannot exceed 10-15%, etc.)
 - The CCFRI is aimed to reduce the fee that is being charged by the service providers from the parents. The amount of subsidy provided varies depending on the family income. Currently, there are five factors on which this funding is given. These are:
 - Number of children in the household – i.e., additional funding for more than one child
 - Children with special needs – i.e., 50\$ for a child with special needs.
 - Type of childcare – e.g., licensed, registered license-not-required, license-not-required, and in-child's-own home.
 - Number of days for which care is needed- i.e., less than 20 days of enrolment is prorated.
 - Household income – i.e., 0\$-\$45000 bracket gets full funding, \$45000-\$100000 gets partial funding
 - Finally, the ECE-WE provides a wage enhancement of 4\$ to all the ECEs working at eligible child care centres.

Overview



5,231 child care centres

- 24% centre-based
- 76% are home-based



138,300 child care spaces

- 41% not-for-profit
- 59% for-profit



24, 550 ECEs

- 68% full time
- 32% part time
- More than 95% are women

Key Challenges

- A wage grid for ECEs has been difficult to implement due to the array of applicable collective labor agreements in place across the province (e.g., ~8 agreements for the various employee groups)
- Building competencies for service providers has been a long-standing challenge; however, increased emphasis on consistent training is now being provided regarding new policies, and technology solutions.
- The current profit margin is capped at 5% for not-for-profit providers and at 3% for for-profit providers driving a disincentive for for-profits looking to enter the space.
 - Note - the 5% cap was built into the most recent service level agreements with for-profit providers; however, rationale behind setting the cap figure was not disclosed.

British Columbia

Funding Model (cont'd)

- Beyond these funding streams, the provincial government also provides the child care centres with a maintenance fund to be used to help mitigate emergency situations ranging from critical repairs of their current facility or relocation to other facilities.
- Historically, there have been a significant number of unlicensed home-based child care providers throughout the province. To remedy this issue, the province provided start-up grants for these providers to gain licenses without enduring financial burden. These grants are \$500/space.
- The program is continuing to shift towards the \$10/day operating model through the Canada-Wide Early Learning and Child Care agreement, where new funding formulas will be piloted through 50 centres.
 - These centres have been selected carefully based on their past performance records. The test phase will be deliberately lengthy to include extensive engagement, monthly reporting, evaluation, and check-ins against a performance management framework.
 - The learnings from this pilot launch would be used to conduct the province-wide implementation of the program as they look to bring various funding programs and streams together.

Accountability, Quality & Reporting Mechanisms

- Child care centres are required to report back to government against a number of areas, including but not limited to:
 - The total number of enrolled spaces (not attendance); projected or actual
 - The total drop-in spaces that are in a non-enrolled space
 - The total number of vacancies (based on the number of available licensed child care spaces)
- As part of the \$10/day program, robust quality assessment and accountability tools will accompany the funding model shift. It is expected that the pilot phase will include a significant evaluation to understand the appropriate tools.
- Annual Providers Profile Survey Service, a mandatory survey which collects information from all the licensed childcare providers to understand the broad trends in the sector in BC
- Financial Reports of the spending, all service providers have to report back all the data about their spendings



Key Considerations for Newfoundland & Labrador

- Providing flexibility with the predefined subcomponents of the funding to allow providers to utilize funding best align to their unique needs
- Provision of a maintenance fund to child care centres to mitigate against unforeseen circumstances which may drive operational disruptions for families and children
- Designing a consistent and a holistic training program to ensure the competency of the child care centres keeps building up and as result overall quality of the service delivery improves



Funding Model

- The Ontario system is in a state of transition as the last remaining jurisdiction to have a municipally-run system, in light of the introduction of the Canada-Wide Early Learning and Child Care Agreement. The City of Toronto is 1 of 47 Consolidated Municipal Service Managers (CMSMs) in the province that are responsible for the ongoing planning and oversight of the child care system (including services, programs and funding).
- The historical funding formula has been based on population indicators, various socio-demographic factors, as well as overall system size (e.g., licensed capacity, number of providers, number of agencies, etc.). Within a set of guidelines, CMSMs have the flexibility to provide funding against several different streams within different areas of programming (e.g., fee subsidies, wage enhancement funding, and general operating or “base” funding).
 - The General Operating Funding (GOF) is a base funding revenue stream for providers to ensure a stable and predictable source of funding, irrespective of if they are in receipt of fee subsidies. The funding resembles a form of universal revenue to offset operating costs, including staff wages, in support of ensuring adequate compensation for workers, and reducing fees for families and parents.
- Funding has been historically driven through a budget-based model, and is administered and prioritized through a set of pre-defined guidelines and eligibility criteria, and reconciled through actual experience on an annual basis, including factors such as enrollment and attendance of children.
- The shift to Canada-Wide will standardize the rate structure across the province. With this, the City is in the midst of a transitional period to understand the implications of the transition as it relates to the role of the municipal partner and the shifts in funding towards a more standardized model, as well as how this shift may impact the ongoing financial sustainability of the providers. The proposed changes to funding are yet to be confirmed as engagement with the sector is ongoing. It was noted the City is hopeful to maintain elements of flexibility with the aforementioned GOF moving forward.

Overview



1,046 child care centres

- 696 Not-for-profit
- 313 For-profit
- 26 home child care agencies



80,480 child care spaces

- 5% Infant
- 15% Toddler
- 32% Preschool
- 19% Kindergarten
- 29% School Age



13,593 ECEs

- 1 in 10 are new to Canada

Key Challenges

- Multi channel relationship with the service providers,
- 47 municipalities disbursing the funding , this leads to different ways and guidelines around funding
- Varying wages across the centres leading to staff retention problems
- Service providers taking advantage of shortage of spaces and using additional surcharges to gain more revenue
- Capital cost of expansion are a significant barrier for many prospective providers in the city

Funding Model (cont'd)

- Profit margins are capped at 10%.The municipality considers recovery roll-back after this margin (Appendix 1).
 - As part of this analysis is also completed to ensure the recovery is proportionate based on the relative levels of public investment, as the City cannot reclaim the rollback as additional revenue.
 - There may be exceptions where surplus margins beyond the 10% can be reinvested in operations moving forward, assessed on a case-by-case basis.
- The program does not offer specific funding for inclusion or to target select demographic groups.

Accountability, Quality & Reporting Mechanisms

- While the Province has a standardized IT solution (providers Ontario Child Care Management System), the City also has well as a customized, robust CRM system, including data and reporting portals, connectivity into other systems, and licensing/billing support for providers..
- Accountability is driven through a framework inclusive of both financial and service-level standards tied to funding. To receive funding providers must ensure they are:
 - Maintaining records of all the funding received and expensed ;
 - Disclosing salary and benefit expenses separately in the financial statement of operation
 - Ensuring that the service that was planned and funded are actually provided
 - Reporting to Children's Services any operations that differ from agreed upon and funded service levels, closure of rooms, operating capacity, days of operation
- Beyond this, reporting includes annual audits on wage grid reconciliation, monthly attendance for fee subsidies, amongst other areas. The City leverages an Accredited Quality Assessment tool that examines standards and benchmarks over and above policy.
- Select scores and indicators are posted publicly for families and parents to review relative performance against centres.



Key Considerations for Newfoundland & Labrador

- Implement IT systems that facilitates collection of data and reporting, as well as intake and payment processes
- Build-in forms of universal funding to ensure providers with a sustainable, consistent base to maintain operations.
- Report key quality metrics publicly to drive incremental accountability amongst providers to meet the needs of both children and families, as well as the educators

Ireland

Funding Model

- Funding is provided for both Early Learning Child Care (ELC) and School Age Child Care (SAC) centres. The ELC program has been designed for kids with ages ranging from birth to compulsory school age, While the SAC is a service for children from age 4 to 15 years old, outside school hours.
- The state is working hard to shift its child care programming towards a publicly-managed system, whereas historically services operate within a “marketized system” where providers had ability to set wages and fees for various elements of provision. However, with this the system is shifting towards a new funding model based on two new components: Core Funding, and Tackling Disadvantage Funding, to support the existing National Child Care Scheme (NCS), Early Childhood Care and Education Program (ECCE). All components are interlinked to each other moving forward.
 - Core Funding is supply-side funding provided directly to providers as top-up funding alongside the NCS and ECCE (described below), and income from parental fees. It is allocated at the start of the year, and it aims to improve the quality of child care via incentive-based conditions related to quality improvements, fees, and transparency, training of educators. It is allocated based on level of service the centres provide (number and different ages of children enrolled, and number of hours/weeks of provision).
 - The ECCE program provides capitation-based funding for 15 hours per week, 38 weeks per year, for eligible children The program allows the service providers to charge parents for extra activities. Providers can also be allocated additional funding for employing graduate ECEs.
 - The NCS provides financial support to eligible families through hourly subsidy programs, including both universal and income-assessed. The income-related subsidy have different provisions based on parental employment status, age of the child, family income, amongst other factors.
 - Tackling Disadvantage Funding aims to improve access to child care across both ELC and SAC by using the Access and Inclusion Model (AIM) in all settings through new universal and targeted funding approaches to address socio-economic disadvantage.

Overview



~4,700 child care centres

- 35% Rural based
- 65% Urban based



220, 000 child care spaces

- 26% not-for-profit
- 74% for-profit



~26,197 ECEs

- 5.7 average number of staff per service

Key Challenges

- The service sector mix has a greater proportion of for-profit centres, similar to NL. However, there is no profit margin cap in place. Expected that some providers are operating on a breakeven or deficit basis.
- The state provided bespoke funding to the sector through the COVID-19 pandemic which exceeded the new core funding stream which has recently rolled out. In order to get better usage of core funding, providers are shifting their service offerings.
- Variable levels of fees paid by parents, with high fees paid by some categories of parents.
- Service provider data is currently self-reported annually (e.g., wages, fees, etc.) causing data quality concerns. Better quality data is required to monitor the effectiveness of new funding models.
- Challenge enrolling socio-economically disadvantaged children driven by previous absence of specific programming.

Ireland



Funding Model (cont'd)

- Tackling Disadvantage Funding's universal approach ensures an inclusive culture in childcare by providing training to staff through courses and qualifications. The targeted approach provides additional support to services for more consistent and higher quality interactions with children and their parents from impoverished backgrounds for a meaningful participation. These interactions can happen via increased non-contact times, lowering staff/ child ratio, covering the cost of outdoor activities, etc.
- An additional component of the funding for tackling affordability for families with multiple children, a Multi Child Factor (MCF), has been introduced. The older funding system had a flat rate system providing a discount of roughly about 17% of the family income. However, the new model has identified division factors of 1.2 of the income, for 2 children family and 1.4 for 3 children family. This will help enroll more children enrolling in the subsidies by increasing the subsidy amount given.
- There are additional funding envelopes available to services beyond the aforementioned models, including Program Support Payments (PSP) which is a payment to recognize the time spent by providers in dealing with department-related administrative work, Sustainability Funding to help not-for-profit centres through times of financial hardship driven by certain unforeseen circumstances, and the Learner Fund to support training and personal development of staff.

Accountability, Quality & Reporting Mechanisms

- Despite the limited availability of quality data, Ireland has been focused on ensuring service quality measures and approaches are in place:
 - There are 30 City/Council Child Care Committees (CCCs) across the country which act as department agents to assist providers and parents with training and other queries, and to ensure proper monitoring, communication channels are in place. CCCs have a range of representatives of key system stakeholders, including service providers.
- The State is driving accountability through mandated reporting, including annual cost and income surveys, access to audited accounts, and providing financial reports.
 - The accountability measures also involve annual applications to forecast the capacity for the coming years, wages and qualifications of the staff, fees, and additional services being charged.
 - Child care centres are required to provide detailed information to parents about all the services being offered.



Key Considerations for Newfoundland & Labrador

- Consideration for providing extra funding for employing graduate staff and/or educators with higher level of training
- Provision for one-time funding allotments to support administrative work, sustainability, and/or training and personal development of ECEs
- Standing up front-line committees, akin to the CCCs which will serve both as the first contact point and also a training system for the parents and providers, removing additional burden from the Department and service providers directly
- For inclusion, both universal and targeted approaches can be taken, also building an identification model for identifying the concentration of socio-economically disadvantaged population
- For families with multiple children, a multi-child factor model could be considered rather than a flat rate



Appendix B: What we heard from stakeholders

Our Approach to Stakeholder Engagement

Approach Summary

Consultation with key stakeholders across the province to obtain insights and feedback on the current functioning of the OGP, as well as potential improvement opportunities, is a critical component of this engagement.

Key stakeholder groups to this review were identified to be:

- Child care service providers who are operating in both urban and rural settings, including commercial and non-profit licensed child care centres, individually licensed family child care homes, and family child care homes licensed through an agency;
- Early Childhood Educators (ECEs);
- Parents and/or family members who avail of child care services across the province;
- Industry associations, primarily those representing children with exceptionalities and/or diverse needs; and
- Government, namely the Department of Education’s provincial program staff, and regional staff who operationalize the OGP

A comprehensive engagement process was designed to capture stakeholder feedback/insights and promote discussion in a constructive and meaningful way.

The project team worked with the Department to identify representative groups of participants from the various groups above to participate in Focus Group discussions. In addition to the formal Focus Group interviews, a broad call for feedback submissions was sent to stakeholders across the sector to ensure all stakeholders were able to contribute. All engagement mechanisms were intended to solicit views on the current state of the OGP, to understand key challenges inherent in the current OGP, and to ideate potential improvement opportunities moving forward. Overall, the participation rate for one-to-one interviews across stakeholder groups was strong, as were the responses triaged via offline mechanisms by the Department. We believe this level of engagement is appropriate and representative of the population of stakeholders that needed to be engaged in this review process.

Focus Group	# of Participants Interviewed	# of Emailed Feedbacks
Child Care Centres	15	29
Family Child Care Homes	7	
Early Childhood Educators (including ACENL and ECE HR Council representatives)	5	
Inclusion / Diversity	8	
Department of Education	7	

Focus Groups were asked to consider the following questions:

1. What areas of the current program are working well?
2. What are some of the challenges you currently face or have faced?
3. Where are there opportunities to improve the program moving forward?

In the following pages, we summarize the key thematic takeaways from our discussions and highlight emerging areas of opportunity based on feedback from each stakeholder group.

Summary of Key Themes

The consultation exercise has surfaced important lessons and insights that will assist in developing recommendations. While there was not full or unanimous agreement on all strengths and challenges as part of the OGP, 9 contextual themes emerged through our discussions, characterized by the following statements:

Strengths

- i. **Creating an affordable child care system.** The OGP has given parents / families the financial reprieve to access child care across the province subsidized at \$10/day.
- ii. **A mechanism to support the recruitment and retention of qualified ECEs.** The introduction of the wage grid has further professionalized the role and given ECEs financial stability.
- iii. **Reduced accounts receivable burden.** providers appreciate not having to “chase parents” for their fees, as well as the timely, “upfront” nature of payments to services.

Challenges

- iv. **Level of funding.** providers believe that current rates and meal/snacks allotment have not kept pace with their costs and are not sustainable, particularly for infant care. The narrow focus on funding for general expenses limits the incentive for providers to improve their quality of service delivery.
- v. **Ensuring accountability mechanisms are in place.** Funding is linked to self-reporting mechanisms by providers. There are limited checks and balances to ensure policies are not abused, and staff / parents are treated fairly and are able to speak out.
- vi. **Government paying for empty / closed spaces.** The 70% minimum enrollment requirement does not incentivize centres to fill their spaces, there is the potential misuse of voluntary / involuntary closures across the sector, and current policy does incent regular hours or after-hours care.
- vii. **ECE burnout.** The supply of ECEs across the province is not meeting demand. With this, it can be difficult for centres to meet ratio requirements. Similarly, family care home providers are always “on-the-clock” and feel their vacation is not sufficient.
- viii. **Varying levels of financial literacy.** Completing paperwork as part of annual reporting and/or day-to-day business management can be an administrative burden. Similarly, quarterly operating grant payments can make budgeting difficult for providers.

What we heard from....

Child Care Centres (1/2)

Strengths

- **Creating an affordable and accessible child care system throughout Newfoundland & Labrador**
 - Services agreed that the successes of the OGP lie with the parents who are now able to access affordable child care across the province. Relatedly, child care centres noted the operational benefits of no longer having to “chase” parents for fees.
- **Monthly reporting mechanisms are preferred over quarterly**
 - General consensus amongst the group that monthly reporting was preferred over quarterly. Additionally, some services noted the introduction of revised Excel tools was working well for them, and recognized / valued the contributions of provincial department staff.
- **OGP as a mechanism to support the recruitment and retention of qualified ECEs**
 - While providers noted some aspects of the wage implementation should continue to be refined (e.g., reporting ECE time by days as opposed to hourly), replacing the Early Learning Child Care Supplement with the wage grid has created financial stability for workers, and supports recruitment, retention, and professionalization of the workforce.

Challenges

- **Current rates are not sustainable; services lack clarity around how rates have been set**
 - Services feel that the current rates are not sustainable, particularly given the increased cost of living considerations which impact a centre’s operating expenses (e.g., inflationary pressures, geographic considerations, rising interest rates, etc.). While the one-time food stipend provided by the Department was appreciated, services are feeling increasingly strained by the pressures of providing healthy meal options for children, while grocery costs increase, and the ongoing funding for meals and snacks remains stagnant. The removal of the equipment grant funding was also noted as a pain point amongst services. providers now feel as though they are forced to prioritize general expenses over developing high-quality programming based on the funding they receive.
 - It is unclear to many services how the flat base and enhanced rates are determined, as well as the rationale for the discrepancy between rates with family care homes. Similarly, services also noted confusion as to what forms/documents are required to qualify for enhanced rates, and perceived inconsistencies as to what their peers are providing to qualify for enhanced. The annual applications for enhanced rates are frustrating, as services are unsure the funding they may receive from year to year.
- **Limited flexibility and clarity in select OGP policies and requirements amongst services**
 - The 70% enrollment rate is a requirement for centres to receive full OGP funding and can have a disproportionate impact on smaller centres and/or centres that do not have sufficient ECEs to meet the required ratios to maintain 70% enrollment.
 - The administrator role receiving an incremental 10% bonus as part of the wage grid does not always reflect the individual completing the administrative work (e.g., services with multiple centres may centralize this work).
 - References to audit requirements within service agreements are not clear to providers, as well as how external audits should be funded.

Please note that the statements above are based on direct quotes that are illustrative of emergent themes, these do not necessarily represent the view of the all Child Care Centre providers

What we heard from....

Child Care Centres (2/2)

Challenges (cont'd)

- **Barriers to providing inclusive child care services**
 - The volume of additional paperwork required as part of the Inclusion program has been a deterrent for some to take on children with additional care needs. Some services feel they have been put in situations where they have had to turn down a child because they do not feel they have the staff with the appropriate capabilities and competencies to manage the increased needs of some children. As part of this, services noted that inclusion positions are not fully covered by OGP for the days child is away, making it difficult to recruit and retain qualified individuals.
- **Significant administrative burden associated with reporting processes**
 - Services with multiple centres and/or licensees who work in ratio at their centres in particular emphasized the volume of paperwork associated with administrative processes in their role. Enrollment and wage grid stats were viewed as time consuming and complex for services who hold more than a single license. Relatedly, the group noted at times the paperwork / processes are duplicative across EDU programming (i.e., OGP, Inclusion, Quality Enhancement).
- **Ensuring changes to program are understood**
 - It was also noted that while the Department has held townhalls and developed training videos to clarify expectations as part of the program, some services feel that changes occur with little advanced communication, describing the program as being on “shifting sands as opposed to stable ground.” Some centres note that the information is not easy to consume or understand, and it can be difficult to get in contact with an individual or receive a response in a timely manner within their region.

Please note that the statements above are based on direct quotes that are illustrative of emergent themes, these do not necessarily represent the view of the all Child Care Centre providers

What we heard from....

Early Childhood Educators

Strengths

- **Government's focus on increasing the number of ECEs working in the sector**
 - While it was noted there is much more to be done, stakeholders commented on many of the positive initiatives the government has been supporting to increase capacity within the sector, including additional funding to college programs to increase the number of available seats, enhancing grants and bursaries for students and graduates, and work to attract more individuals into the profession.
- **OGP as a mechanism to support the recruitment and retention of qualified ECEs**
 - The program is viewed as a key platform to continue to recognize and support ECEs across the sector, particularly to ensure fair, consistent, and competitive wages are in place across the province. The introduction of a wage grid was viewed positively by the sector as a means to increase yearly salaries for many ECEs, allowing individuals to qualify for mortgages, amongst other benefits. It has also taken steps to further professionalize the role.

Challenges

- **Workforce is strained and over-worked**
 - Many ECEs are exiting the sector through attrition (e.g., aging workforce) and/or other factors (e.g., patchwork labour conditions across the province). Some ECEs noted reports of being treated poorly by employers and/or parents, as well as working additional hours for which they are not paid. At the same time, there are not enough qualified ECEs to fill vacancies that exist today, particularly as the sector looks to expand, driving burnout amongst the existing workforce who carry a heavy load.
- **Continuing to ensure ECEs are compensated appropriately**
 - While the positive intention of the wage grid implementation was recognized by the sector, it was also noted that there was a limited net increase in overall funding being distributed to ECEs across the province (i.e., the Early Learning Child Care Supplement Program payments were discontinued and reallocated for those who are on the wage grid), and additional work may be needed to ensure ECEs are fairly compensated for their role in early childhood education (e.g., ensuring pay for sick leave etc.).
- **Continuing to upskill sector**
 - Many frontline ECEs working with children with a wide array of needs (e.g., trauma, cultural differences, etc.) feel they do not have sufficient training to manage the increasing prevalence of complex behaviours and intensity of support required. While the capacity challenges were well acknowledged, it was also viewed that in some cases the current legislative qualification requirements may not be high enough to ensure all children's needs are met (e.g., current legislation requires only one ECE in the centre to have a diploma, the rest can have a certificate or be trainees).
- **Ensuring ability for ECEs to work to their full potential**
 - The group described instances where strong Level 2 ECEs fulfilling the Administrator role at a centre can often spend more time in an office completing administrative tasks (e.g., payroll, budgeting, various paperwork, etc.) instead of working to their full scope of practice. They noted the role could be reframed as a Pedagogical Lead within the centre, and that their time should be spent exclusively on mentorship, planning/programming, and working to augment the overall quality of service being offered.

Please note that the statements above are based on direct quotes that are illustrative of emergent themes, these do not necessarily represent the view of the all ECEs

What we heard from....

Family Care Homes (1/2)

Strengths

- **Creating an affordable and accessible child care system throughout Newfoundland & Labrador**
 - Broad recognition amongst stakeholders of the benefits the OGP provides parents and families across the province to accessing affordable child care.
- **Introduction of a flat rate structure**
 - providers noted the introduction of a flat rate structure has given them the financial ability to maintain older children in their care. Further to this, providers noted that they feel the rates per child per space are sufficient, particularly those that are on enhanced rates (some noted the exception of rates for infant-only care services).
- **Reporting requirements are easy to understand**
 - providers noted that forms and quarterly reporting requirements are relatively straightforward. The group also noted they appreciated the role of the Home Visitor reviewing their stats forms before being submitted to ensure they are completely correctly/accurately.

Challenges

- **Consideration for full-time nature of the role**
 - providers described the additional hours they commit outside of traditional of a traditional business day to deliver high-quality family child care in their homes, including time spent on grocery / supply shopping, meal preparation, cleaning, and professional development, and planning is all completed after-hours.
 - Some providers also noted that extended hours (i.e., early morning drop-offs / after-hours care) are offered by some providers; however, the service does not receive additional funding beyond the extra food allotment as part of this offering.
 - providers noted the incremental burnout that can occur in family home settings because of the additional work described above, as well as the absence of additional support from co-workers in the home.
- **Additional vacation time allotment and understanding “reasonable closures”**
 - providers indicated not enough vacation time is provided in light of the above (particularly for those with additional education/years of service) and/or the current coverage is not flexible (e.g., for those who do not wish to follow provincial government holidays, etc.).
 - Relatedly, it was not clear amongst the group what the Department considers “reasonable” as part of the policies around closures; it was recognized that closures create barriers to accessible child care for families, however, also the group noted the additional stress for providers not knowing if they will owe funding back to government for their time closed due to varying circumstances.

Please note that the statements above are based on direct quotes that are illustrative of emergent themes, these do not necessarily represent the view of the all Family Care Home providers

What we heard from....

Family Care Homes (2/2)

Challenges (cont'd)

- **Mixed views of the advanced payment schedule, as well as consistency in the payment timing**
 - Some providers noted the challenges from a financial/budget management perspective in receiving quarterly payments, as well as their concerns about having payments clawed back should they be unable to work for periods of time within the quarter (e.g., injuries, extended medical leave, etc.). Others noted that the payment schedule is not ideal but manageable. Similarly, providers had mixed views on the consistency of receiving payment after their quarterly stats had been submitted.
- **Understanding how OGP funding should be put back into business**
 - Not always clear amongst providers what their annual salaries are (or should be relative to their operating expenses); some requested payment breakdowns and/or additional guidance as to how much funding should be allocated toward various operational expenses as part of their service. This topic also raised discussions as to how providers should plan for inflation and/or other cost of living pressures which impact their business (e.g., many raised how incremental grocery costs make it increasingly difficult to manage given the \$2/meal and 0.50 cents/snack allotment provided).
- **Funding space for operator's children, and inability to hold spaces to manage succession planning**
 - providers expressed frustration with the inability to be compensated for their own child's space in their family home service, noting that if they worked in a centre, the centre would be paid for their child's space.
 - The limited availability of child care spaces across the province was acknowledged; however, providers noted ensuring a child is the 'right' fit for their service is an important aspect of their succession planning, and they do not want to incur a financial loss if spaces are unfilled for a reasonable duration of time.
- **Frustrating to navigate various policies**
 - Perception amongst providers that current policies are not tailored to reflect the family care home context (i.e., based solely on centre-based care policies). With this, providers highlighted a range of additional areas where additional clarity or guidance is required (e.g., the ability to request a one-time enrollment fee, the ability to collect deposits from parents, termination notice timeline requirements, what qualifies providers for base rates versus enhanced rates, etc.).

Please note that the statements above are based on direct quotes that are illustrative of emergent themes, these do not necessarily represent the view of the all Family Care Home providers

What we heard from....

Inclusion / Diversity Stakeholders

Strengths

- **Note** – Stakeholders within this group had varying levels of understanding and interaction with the OGP itself.
- Of participants who have availed of the OGP directly, it was noted that Department staff responsiveness and willingness to support services with various queries related to programming and requirements was appreciated.

Challenges

- **Stakeholders offered broad perspectives on the challenges within the NL child care system landscape, as well as the OGP (where applicable), based on their experiences and roles:**
 - The availability of child care spaces broadly across the province is limited, particularly for centres that may be willing to accept children with additional support needs, as well as spaces for infants. The limited supply of spaces has impacts on many sectors - parents needing to take additional leave from work (e.g., teachers, nurses, etc.), as well as Canadian newcomers not being able to attend ESL courses so as to stay home with their children.
 - Many stakeholders noted reports of inclusion clients with varying needs being dropped from their current space and/or rejected from a space with limited rationale or notice.
 - The group agreed that there is a perception within the child care system that equity means ‘the same’ as opposed to ensuring what is received is appropriate for the individual. For many, the limited flexibility within the system to adapt to a wide array of needs has been difficult to navigate.
 - One stakeholder noted as their child aged through the system, they were moved to a homeroom in line with their age, as opposed to their developmental needs - the child has now aged out, despite their needs still being at a lower developmental age.
 - Stakeholders noted the difficulty in obtaining and retaining inclusion workers. In many cases, the inclusion hours approved do not always align with a child’s needs (i.e., difficult to approve more than one inclusion staff per homeroom).
 - Often a request for an inclusion position is reactionary after a child’s needs have been identified/assessed, and the administrative delays in obtaining approval for a worker can cause placements to breakdown.
 - Once approved, ensuring the inclusion worker is able to maintain full-time hours based on the funding provided can be challenging, and creates high turnover in the role across centres.

Please note that the statements above are based on direct quotes that are illustrative of emergent themes, these do not necessarily represent the view of the all Inclusion / Diversity stakeholders

What we heard from....

Department of Education (1/2)

Strengths

- **Increased awareness of child care as a public good**
 - As a result of the lowering of rates for parents and the associated media coverage across the country, the visibility on the child care system has increased, and with this, individuals are working in the sector are feeling more empowered to speak out about the ill treatment of ECEs.
- **Large uptake of OGP across the sector**
 - The majority of centre-based and family-base child care providers in Newfoundland & Labrador are now part of the OGP, creating a true opportunity to leverage the funding program as a mechanism for positive change (e.g., additional standards, etc.). Anecdotally, the group remarked that more child care spaces are being filled across the province than ever before.
- **Shift to a flat rate structure**
 - Department staff noted shifting to flat rates (as opposed to by age band) has been well-received by family care homes. While there are unintended impacts of this shift to be addressed (e.g., limited incentive for infant space growth), it was noted that the shift can also prevent services from terminating children to receive additional funding for a child of a different age.
- **Increased transparency around funding**
 - The Department has begun providing a detailed breakdown of service agreement amounts in contracts with centres – increasing the transparency around funding allocated. Staff noted the continued efforts to provide clarify, and easy-to-use tools has been well-received by many.

Challenges

- **Parents fearful of “speaking out”**
 - It was noted there are parents who are cautious to speak out with inquiries to the government around service quality concerns and/or reported policy violations (e.g., additional fees being charged outside what is allowable within provincial policy, parent contracts not aligning with OGP) in fear of losing their space. In other cases, the culture of compliance may include parents who are unaware of the nuances associated with OGP policies and may not realize they are being charged for fees outside what is allowable.
- **Misuse of the 70% enrollment rate**
 - In some cases there is misuse by some services, where spaces and/or classrooms are left empty if they are within the threshold to receive full funding allotments. In these cases, some services are profiting on spaces they are not required to fill, and have no incentive to do so. There is a need to provide flexibility for the service to allow for succession planning, while optimizing the spaces that are available within the system considering the licensees and types of services across the system.

Please note that the statements above are based on direct quotes that are illustrative of emergent themes, these do not necessarily represent the view of the Department / its staff

What we heard from....

Department of Education (2/2)

Challenges (cont'd)

- **True market analysis for cost of living**
 - Like other stakeholder groups, there is a strong belief that a true market analysis on the cost of living is required to ensure OGP rates are set appropriately across regions of the province. However, EDU staff also noted that they had previously offered licensees the ability to send in old/new receipts, and not a single service contributed. Similarly the group noted that enhanced rates causes tension across the sector.
 - Recognized that it is key to ensure that if additional funding were allotted, it is critical to ensure monies are being spent appropriately as OGP can quickly create a two-tiered system – those committed to quality, and those looking to profit.
- **Reliance on self-reporting**
 - Department staff noted they are reliant on self-reporting amongst services to drive accountability linked to grant payments. Several examples were provided by the group where services could potentially “game” the system (e.g., over registration to receive an additional \$10 from parents, etc.). While the monthly audits of a service’s register conducted were recognized – regional staff may not easily identify improper reporting. Noted instances where services could potentially close midway in the day.
 - The group questioned whether a probationary period should be included as part of the OGP as an additional driver of accountability and/or leveraging additional parent verifications.
- **Ongoing inclusion barriers**
 - The group noted that some services continue to look for reasons to not accept a child (e.g., paperwork), while others may genuinely not have the staff (in particular staff with the right capabilities) to fill inclusion positions. The current inclusion grant only covers up to 7 hours a day.
- **Significant variability in financial and digital literacy of services**
 - Recognized that providers have a broad range of expertise in financial management (e.g., for some quarterly payments are too long a period to budget their operational and living expenses), as well as digital literacy (i.e., the ability to leverage online tools provided by EDU). The group discussed where additional supports or resources may be offered, but noted this as a particular pain point while working with some services.
- **Government paying for closed spaces and addressing voluntary closures**
 - In some cases services are shortening their days and still receiving the full grant funding (i.e., in legislation a full day is considered 4.5 hours); there is limited incentive for services to offer regular hours or to stay open later.
 - Important to address how the Department defines voluntary closures in policy – stakeholders noted instances of services misusing the vague language in policy (i.e., “reasonable closures) by planning their “sick days” in advance.

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