

**REVIEW OF EARLY CHILDHOOD PROGRAM
ADMINISTRATIVE AND FUNDING PROCESSES**
(Action 15 – Early Childhood Development Action Plan)
REPORT 1 OF 2

**Prepared by the Department of Education, Culture and Employment
Early Childhood Development and Learning
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REVIEW OF EARLY CHILDHOOD PROGRAM FUNDING AND GOVERNANCE

Findings and Associated Recommendations

INTRODUCTION

The *Right from the Start Early Childhood Development Framework* (Framework), tabled in the Legislative Assembly in June 2013 guides the Departments of Education Culture and Employment (ECE) and Health and Social Services' (HSS) direction, actions and investments in early childhood development for the next decade. The 2-year *Right from the Start Early Childhood Development Action Plan* (Action Plan)

<http://www.ece.gov.nt.ca/files/Early-Childhood/ece-action-plan.pdf> was tabled in February 2014.

Research recognizes that high quality early education and care programs directly impact children's healthy development. Results from the Early Development Instrument (EDI)¹ indicate that the overall experiences of children in the Northwest Territories (NWT) during their early years, particularly in the small communities, are not providing optimal development. In the NWT, 38% of 5-year-old children are vulnerable in at least one area of development compared to 25% of children in the rest of Canada. In the small communities of the NWT, this vulnerability incidence rises to more than 50%.

Early childhood development programs that promote equity must be accessible and affordable to all NWT families. At present, the administrative requirements attached to the Early Childhood Program funding are deemed to be time consuming and administratively burdensome for both operators and program managers. Action 15 of the Action Plan recognizes the need for a renewed approach to funding early childhood programs and committed ECE to undertake a review of the administrative and funding processes of the Early Childhood Program. Early Childhood Program funding supports access to quality, affordable early childhood development programs that meet the

¹ The Early Development Instrument (EDI) is a population-based measure that provides information reflecting developmental experiences occurring in the years before children enter the school system.

needs of all children. By streamlining the steps involved to simplify the administrative and financial processes, programs will be less burdened by paperwork and better able to promote equity, inclusion and quality to make a positive difference in children's lives.

SCOPE AND METHODOLOGY

The review included a broad based consultation with multiple stakeholders and focused on the current model used by ECE to provide start-up and ongoing operations and maintenance (O&M) funding to subsidize costs for licensed day care centres and family day homes. This report summarizes the review of the Early Childhood Program funding and governance processes and describes activities for the 2015-16 fiscal year which will address areas for improvement within the Early Childhood Program.

The review does not include an analysis of the level of financial supports for child care operators or subsidy programs provided directly to parents for child care. Additional issues such as current funding rates were raised during conversations with stakeholders and are the focus of a second report, *Emerging Issues: Additional Findings from the Review of Early Childhood Program Funding and Governance in the Northwest Territories*.

The review included:

- a review of pertinent documents and inter-jurisdictional research
- face-to-face discussions with operators and staff of licensed child day care facilities
- an on-line survey of operators and staff of licensed child day care facilities
- in person and over the phone interviews with ECE's Early Childhood Consultants and the Regional Superintendents at Regional ECE Service Centres and
- in person and over the phone interviews with other stakeholders

EARLY CHILDHOOD PROGRAM DESCRIPTION

Beginning in the early 1990s, the Early Childhood Program is a funding and support program for operators of licensed child day care facilities in the NWT. Licensed child day care can be provided in centres or family home day cares during the daytime or after school. The Early Childhood Program Statement of Action can be found in Appendix 1 (Early Childhood Program Policy and Procedure Manual Statement of Action).

The Early Childhood Program also licenses, inspects and monitors all regulated early learning and child care providers and helps with program development and support for early childhood education and care programs.

There are a number of components to the support provided to operators under the Early Childhood Program. This includes:

- a. One time start-up assistance funding
- b. Quarterly operating and maintenance subsidy funding
- c. Minor health and safety renovation funding

Qualifying licensed day care centres may also receive:

- d. Rent/mortgage subsidy funding
- e. Small community initiative funding
- f. Healthy children initiative funding

Subsidy rates vary depending on community, location, age of children and full/part-time status.

The Early Childhood Program was originally designed to also provide child care user subsidies directly to parents with the goal of enabling parents to work or train. In 1996 the Early Childhood Program child care user subsidies were moved to the Labour and Income Security Branch of ECE and are not included in this review.

The total funding administered and dispersed by the Early Childhood Program directly to licensed child day care facilities and other early childhood programs between 2012-2015 is as follows:

Type of ECP Funding	2012-2013		2013-2014		2014-2015	
	\$	Operators Funded	\$	Operators Funded	\$	Operators Funded
Start-up	90,908	13	166,904	6	48,073	7
Operational	2,269,463	117	2,196,738	117	2,029,419	103
Rent/Mortgage	77,177	13	94,290	11	111,754	12
Minor Health & Safety Renovations	89,197	23	97,770	20	141,911	27
Healthy Children Initiative	1,675,053	45	1,712,428	43	1,780,395	40
Small Community Initiative	236,557	18	248,753	16	247,160	19
TOTAL	4,438,355		4,516,880		4,358,712	

Source: GNWT ECE Public Accounts, Early Childhood Program Expenditures

One Time Start-Up Assistance Funding

One time start up assistance funding is provided to help purchase the supplies, equipment, toys and materials needed to start up a new licensed day care centre or family day home. Funding is distributed through a proposal and contribution agreement process. Early childhood programs operating in GNWT owned buildings used for other purposes (e.g., schools) are funded at 50% of the start-up funding rates available to operators.

Between 2012-15, an average of \$101,962 per year of one-time start-up subsidy funding was provided to an average of nine (9) operators per year which are largely family day homes.

Quarterly Operation and Maintenance Subsidy Funding

All licensed child day care centres and family day homes can apply for attendance-based operation and maintenance funding that helps with fixed operating costs such as staff wages, heating and supplies. Operators submit quarterly attendance reports to receive their quarterly payments as part of the proposal and contribution agreement process.

Child day care centres operating in GNWT owned buildings, which are used for other purposes (e.g. schools), are funded at 50% of the rate. In order to encourage the operation of licensed family day homes, they are funded at the same rate as not-for-profit day care centres.

Between 2012-15, an average of \$2,165,227 per year operation and maintenance funding was provided to an average of 112 operators.

Minor Health and Safety Renovation Funding

Minor health and safety renovation funding is available to assist licensed day care centres and day homes in passing their annual health and/or fire inspection.

Child care facility operators can use this funding to complete minor repairs/renovations and purchase equipment/materials related to health and safety. Up to \$5,000 per operator per year is available to address deficiencies identified by the Fire Marshal during their inspection and up to \$5,000 per operator per year is available to address deficiencies identified by the Environmental Health Officer. Funding is approved and processed through a proposal and contribution agreement process.

Between 2012-15, an average of \$104,774 per year of minor health and safety funding was provided on average to 23 operators per year.

Rent or Mortgage Subsidy Funding

Up to 25% of an operator's annual rent or mortgage cost can be subsidized by ECE, up to a maximum of \$125,000, through a proposal and contribution agreement process.

Ranking and financial assessment is based on the following criteria:

- licensed child care facilities paying the highest rent (# of spaces divided by annual rent cost); and,
- no program receiving subsidy will pay less rent than a program not receiving rental subsidy as a result of the program dollars being fully expended.

Rent or mortgage contribution payments are annual payments.

Between 2012-13 and 2014-15, an average of \$94,407 per year was provided to an average of 12 operators to subsidize rent or mortgage costs.

Small Communities Initiative Funding

Small communities initiative funding was established in 2009-10 to enrich early childhood development and learning in recognition of the various challenges facing small communities.

\$15,000 per year of small communities funding is identified for each licensed day care centre to help offset the cost of:

- purchasing healthy and nutritious foods/snacks for children;
- upgrading outdoor play spaces and equipment;
- improving literacy programming for children and families; and,
- staff training.

These annual payments are based on a proposal and contribution agreement process.

In communities without licensed child day care facilities, small community initiative funding is available to non-profit organizations that are not licensed child day care facilities but which provide services that meet the small community initiative funding

guidelines. Up to \$8,000 is available for these non-licensed programs.

Between 2012-15, an average of \$244,157 per year of Small Communities Initiative funding was provided on to an average of 18 operators per year.

Healthy Children Initiative Funding

The healthy children initiative has two funding streams - community-based projects and individual-based projects - and is typically used to expand programming targeted at young children, provide supports to parents and create opportunities for communities to be involved in promoting healthy child development.

Funding is accessed through a proposal and contribution process. Programs and services eligible for funding are those that meet the following criteria:

- support community initiatives that enhance or develop family-centred programs;
- encourage the integration and inclusion of children in early childhood intervention programs; and,
- are specific to the needs of developmentally delayed and at-risk children.

Healthy Children Initiative funding is also available to non-profit organizations that are not licensed child day care facilities but which provide services that meet the guidelines.

Between 2012-15, an average of \$1,722,624 per year of Healthy Children Initiative funding was provided to an average of 43 licensed day care centres as well as non-licensed community organizations for families with children aged 0-6.

Funding and Administration Process

The *Child Day Care Act (Act)* and *Child Day Care Standards Regulations (Regulations)* govern the operation of licensed centre day care facilities. The *Act* outlines the duties of the Director of Child Day Care Services (Director) in licensing operators of child day care facilities to maintain safe establishments for the provision of child day care.

The *Act* specifies that the duties of the Director include: issuing licenses; performing yearly inspections of facilities; issuing orders to remedy deficits; and issuing, suspending or revoking licenses. The Director delegates this responsibility to the regional Early Childhood Coordinators and Consultants. The *Regulations* also specify the duties of (1) child care facility operators to ensure safety, quality and inclusion of children and (2) the Director to ensure compliance of operators.

The Early Childhood Program is located centrally at ECE headquarters and administered regionally at ECE Service Centres by regional Early Childhood Consultants. Funds to licensed child day care facilities are distributed by the regional Early Childhood Consultants by yearly contribution agreements for each separate funding stream. In addition to administering funding, regional Early Childhood Consultants conduct inspections and provide support to licensed child day care facilities by distributing subsidy funding, providing education and conducting quality assessments of the child care environment.

ADMINISTRATIVE ENVIRONMENT – REVIEW FINDINGS

During the review of the Early Childhood Program, stakeholders identified three areas for action specific to administrative and funding processes. Additional areas which were identified fell outside the scope of this review and are included in a second report. These additional areas will require further study in order to better understand and address them appropriately. The three actions below will be completed during the 2015-2016 fiscal year.

ACTION 1: Research and revise the Early Childhood Program funding allocation to better meet the needs of child day care facilities. This will include development of three funding models for consideration to address fixed operating costs.

All licensed day care centre facilities and family day homes are eligible for operations and maintenance (O&M) funding subsidy. This funding has not been increased since 2007. It is paid out quarterly based on daily attendance registers which parents initial

when they drop off and pick up their children. Attendance-based (O&M) subsidy funding helps pay fixed operating costs for centre day care facilities. External stakeholders identified satisfaction with recent changes to the Early Childhood program, including changes to funding based on actual attendance rather than projected attendance. Stakeholders also shared that a drawback to attendance-based funding is that, when attendance falls, operators' costs do not; leaving operators in the position of having diminished funds to pay fixed overhead costs. As well, each type of child day facility has varied operating costs including rent and wages. It was also identified that there was a lot of administrative and repetitive work within the funding allocation process. In addition, it has been identified that the funding seems to dissuade operators from enrolling infants into their programs, as the funding does not cover the additional staffing costs associated with infant care.

ACTION 2: Consolidate applications for Early Childhood Program funding to limit the number of application and contribution agreements required for each operator.

Regional Early Childhood Consultants estimate that approximately 50% of their workload is related to the distribution of subsidies, leaving the balance of time for inspections and other supportive functions. Due to the heavy administrative load, in busy regions, it is difficult to provide program support beyond inspections. Multiple contribution agreements and the paperwork required for each is also a burden for child care facility operators. During consultation at the 2014 Early Childhood Symposium, stakeholders identified the need for multi-year contribution agreements that would provide them with secured funding for planning purposes.

ACTION 3: Develop and implement a comprehensive Policy and Procedure Manual to ensure that licensing, inspection practices and funding distribution methods are clearly defined and followed consistently between regions.

In every region except the North Slave, regional Early Childhood Consultants work by themselves delivering the Early Childhood Program. This decentralized governance

structure requires a reference guide for regional Early Childhood Consultants to be in place to ensure that the Early Childhood Program is delivered consistently throughout all NWT regions. The current Early Childhood Program Policy and Procedure Manual has not undergone a thorough revision since the inception of the Early Childhood Program.

During consultation with the Regional ECE Superintendents in February 2015, they reported that having the Policy and Procedure (P&P) manual updated is important, especially when processes are changing and updating. They noted that that the information needs to be shared and up to date. They voiced the opinion that a P&P manual should be on share-point or somewhere the Regional Superintendents can access. The Regional Superintendents would like to have input into the development of policies and procedures in the form of a policy working group. They explained that an outdated P&P manual places them and a newly hired Early Childhood Consultant in the difficult position of finding out information from other regions.

External stakeholders did not identify the need for a policy review. However, all Early Childhood Consultants voiced a desire to have an updated P&P manual that reflects updated and new policies, procedures and operational guidelines so that consistency can be developed between regions and new Early Childhood Consultants have a relevant reference tool.

SUMMARY AND NEXT STEPS

The three actions identified through the review of the Early Childhood Program will be completed during the 2015-16 fiscal year.

Streamlining the funding and administrative processes of the Early Childhood Program will allow both child day care facility operators and regional Early Childhood Consultants to focus more time on:

- increasing the quality, accessibility and stability of all licensed early childhood programs.
- ensuring early childhood programs provide increased opportunities for parent engagement in their children’s learning in order to help build understandings of how to best support the child’s continued development.
- Ensuring early education and care programs promote social skills and self-regulation development opportunities for children so that they can explore and make sense of the surrounding world – vital skills for children’s later academic and life success.

Throughout the review of the Early Childhood Program’s administrative and funding processes, stakeholders identified issues beyond the scope of this review. These have been included in a second report, *Emerging Issues: Additional Findings from the Review of Early Childhood Program Funding and Governance in the Northwest Territories*. The issues identified will be further explored, in order to better understand and appropriately address the areas identified.

Upon its conception in the 1990s, the Early Childhood Program primarily focused on providing child care user subsidies to parents to encourage them to work or train and on creating business opportunities in the child care sector. Since this time, a growing body of research in early childhood clearly indicates the importance of high quality programming for young children and its positive effects on their developmental outcomes. “Learning takes place at all stages of life, and the biggest impacts happen early,” (Alexander & Ignjatovic, 2012).

By streamlining and simplifying administrative and financial processes, programs will be less burdened and better able to focus on the more important task of providing quality education and care for the NWT youngest and important resource – our children. The Department of Education, Culture and Employment is committed to ongoing improvements to programs and services that meet the needs of children, their families, and child day care operators in the NWT.

Early Childhood Program Policy and Procedure Manual
DEPARTMENT OF EDUCATION, CULTURE & EMPLOYMENT

Appendix 1

STATEMENT OF ACTION

The Government of the Northwest Territories supports a comprehensive child care and development program that supports parents in enhancing the growth and development of children from the time they are born until they are 6 years old. The program enables parents to access employment and learning opportunities by supporting child care initiatives for children from infancy to 6 years of age, and after-school care for children up to and including 11 years of age. These programs also provide a safe, nurturing environment for children, and promote their balanced growth and development during the early, critical years of life.

PRINCIPLES

This statement of action is based upon the following principles:

1. Parents and other family members should be their children's primary care givers and teachers. For those parents who choose to access child care and development programs, the programs should support and complement them in those roles.
2. Child care and development programs should be community based and shaped by the culture of the community. They should involve parents, the community and community agencies in their design and delivery.
3. To support the maximum growth and development of each child, child care and development programs should provide a secure, nurturing environment and promote the balanced development of the child. They should be high quality and based on established standards.

The funding elements of the Early Childhood Program are:

- Start-Up funding to assist with the establishment of licensed non-profit early childhood programs.
- On-going program contributions to help licensed non-profit early childhood programs with on-going operational costs.