



COUNTY OF WELLINGTON CHILD CARE GENERAL OPERATING GRANT STRATEGY

*Child Care Services,
September 2015*

County of Wellington

Child Care General Operating Grant

Introduction – The Transformation of Early Years

Ontario’s Early Years Framework

In 2013, the Government of Ontario launched the Ontario Early Years Framework. The Early Years Framework supports the Ontario vision for the Early Years:

“Ontario’s children and families are well supported by a system of responsive, high quality, accessible, and increasingly integrated early years programmes and services that contribute to healthy child development today and a stronger future tomorrow.”

The Government of Ontario’s long-term vision is to build a high-quality, accessible and coordinated early learning and child care system for children before they start school and for school-aged children. The early learning and child care system in Ontario will:

- Focus on children learning in safe and caring play-based environments.
- Focus on children’s healthy physical, social, emotional and cognitive development.
- Deliver early identification and intervention for children in need of supports faster.
- Wherever possible, early learning and child care services will be located in or linked with schools to enhance children’s and families’ experiences of a seamless education and care system.

A seamless system in which children’s experiences of transitions between education and care are reduced is the goal. The parts of an integrated education and care system that is envisioned to be seamless for children are:

- The early learning and child care system for children birth to 4 years. This is the child care system that serves children before they are old enough to enter school.
- The full day kindergarten programme for all children 4 and 5 years in Ontario. The full day kindergarten programme includes integrated before and after-school full day kindergarten extended day programming that is seamless in staffing, physical space, and pedagogy.
- High quality and enriching programmes for school aged children ages 6 to 12 years.

Child Care Modernization

Child Care Modernization in Ontario refers to all of the policies, funding strategies, and related activities involved in transitioning the existing child care service system to the new early learning and child care service system.

The fundamental activities that are part of Child Care Modernization in Ontario are:

- **Full-day kindergarten for every child ages 4 and 5 years in Ontario;**
- **New Child Care Funding Formula and Funding Framework**
Introduced in December 2012, the new formula and funding framework provides an efficient transparent method of allocating provincial funds for child care to CMSMs/DSSABs based on publicly available data and third-party measures. It also streamlines the rules on how the funds may be spent in order to increase service stability, respond to the demand for service, help stabilize fees, and improve reliability as well as the reporting requirements for expenditures and service levels, as well as the tracking of results;
- **Bill 10, Child Care Modernization Act**
On August 31st, the *Day Nurseries Act* was repealed and replaced with the *Child Care and Early Years Act, 2014*. This new Act is a modernized legislative framework to govern the provision of child care and early year programmes and services. It also amends the *Education Act* that will support access to developmentally responsive school age programmes for children 6 to 12 years of age;
- **Development of Best Start Child and Family Centres;**
- **Strategies to ensure that child care and early years programmes are more consistent and of higher quality;**
- **Strategic improvements to the organization and delivery of children's speech and language services across Ontario**

The 2012 Child Care Funding Formula and Funding Framework introduced a General Operating expense as part of the core service delivery allocation in the provincial budget allocation (while revoking wage subsidy funding allocations). This expense category provides Consolidated Municipal Service Managers (CMSMs)/District Social Service Advisory Boards (DSSABs) with new levels of control over the distribution of funds in an equitable and transparent way aimed to stabilize, transform and support local child care programmes into being part of a high quality, accessible, inclusive, and modernized early childhood education and child care system. The funds are also to increase the convenience and reliability for parents and strengthen the current proportion of child care programmes operated by the non-profit sector.

The Ontario Child Care Service Management and Funding Guideline (January 2015) further identifies the purpose of the general operating expense as financial support for covering the costs of operating licensed child care programmes such as wages, benefits, occupancy, operating and administrative costs. The Ministry requires for General Operating Grants to be in effect as of 2016.

Since late 2012, staff has been researching and developing the plans for our local General Operating Grant in keeping with the Ontario Early Years Framework, Child Care Modernization and the Ontario Child Care Service Management and Funding Guidelines. This involved analysis of other CMSMs/DSSABs strategies, consultation with local child care operators through information sessions at Operators' meetings, a formal survey as well as formal group and individual consultations set for this specific purpose.

The Wellington Child Care General Operating Grant (WCCGOG) also needs to be in line with *County of Wellington Child Care Service Plan 2015-2018* (approved by Council in June 2015) which outlines our priorities and planning strategies for the early learning and child care system in our service delivery area. These Wellington strategies reinforce local child care system goal definition, strengthen integration and governance in the system, and involve higher levels of accountability for programme quality. We commit to continue using the best evidence available to ensure public funding is spent on the aspects of the child care system that are known to have the most positive impact on children.

The Current System

Throughout the history of Canadian child care provision, the major revenue to cover operational costs is user fees. User fees generate about 88% of revenue while publically funded wage subsidies and other revenue sources generate the remaining 12%.

Wages are always the major portion of a child care programme's budget (even when ECEs are paid minimum wage). When accurately calculated, suitably compensating ECE staff working in the child care system can push the actual operating costs of a child care programme to more than twice the revenue that can be reasonably generated from user fees.

Operators in all parts of Ontario (and Canada), although not intentionally by design, have used paying low wages for ECEs to help control the gap between revenue and expense levels for decades. This has led to low wages being a well-known phenomenon in Ontario's child care sector and is the number one reason ECEs leave the child care field.

The median wage levels of early childhood educators working in the Wellington service area (including programmes currently supported by wage subsidies) are lower than the Ontario medians for ECE wages.¹ Twenty-nine percent (29%) of ECEs working in child care in the 519 area code report that they are "looking for another job."²

In our consultation with local child care operators, they agreed that what matters most to them with this funding model is being able to attract and retain registered early childhood educators to work in their programmes. Operators told us that if they had more revenue available to them, they would improve child care workers' wages and benefits first. They also said that they would hire more registered early childhood educators (RECEs) for all early childhood staffing positions in their programmes if they could.³

Operators also shared that wages have a negative impact in their programmes' ability to maximize utilization rates (operating capacity vs licensed capacity) due to teacher: child ratios which results in licensed spaces not being filled by families who need care. Their lack of revenue also has a negative impact in their ability to keep up with the needs for professional development, repairs, maintenance, equipment and supplies despite annual one-time grant application processes.

Alternatively, increasing user fees to pay for child care is not an option for generating more revenue – the provincial guidelines for the general operating expense is to “reduce fees for services” and research confirms that the cost of child care is already so discouragingly high for many families that many make a choice not to work or to seek out unregulated care arrangements.⁴ The Wellington document, *Economic Value of Child Care*, also details the very negative implications of increasing the cost of licensed child care for families.⁵

The Wellington Child Care General Operating Grant

As the *County of Wellington Child Care Service Plan 2015-2018* identifies that only full time, full year high quality licensed child care has a measured positive impact on children's continued development and supports strong, consistent and economically viable parental engagement in the workforce or in education opportunities,⁶ the Wellington Child Care General Operating Grant is designed to publicly fund the most important (for children) and most expensive (for families and operators) aspects of a high quality, full time, full year modernized early learning and child care system for children birth to 4 years. It is also based on the premise that attracting and retaining a highly skilled and well-qualified early childhood education workforce in child care is most relevant to child care quality.

The development of the Wellington Child Care General Operating Grant (WCCGOG) began with an extensive examination of research evidence and effective practices regarding operational budgets for child care programmes. Particularly, the research evidence and practices that prioritize financial budgeting models that support the highest quality service delivery at the programme level. The results this research to developing a standardized operational *budget for quality* that has become fundamental to all of our subsequent work on the WCCGOG strategy.⁷

The WCCGOG is a block funding strategy for all approved costs of child care operation built on two main premises that are both *very* connected to early childhood staff wages:

1. When child care operators allocate 80% of their operational budget to staff wages and benefits the programmes are likely to be higher quality. Hence, child care programme operators will be held accountable for allocating 80% of their operational budgets to staff wages and benefits in Wellington Child Care General Operating Grant funded programmes.
2. Better wages of early childhood education staff in child care is essential to high quality. Hence, a Wellington ideal wage standard of \$20 per hour for early childhood education staff has been established as a basis for improving child care wages in WCCGOG funded programmes.⁸

Operational Budget for Quality

The WCCGOG operational *budget for quality* is:

- 80% of the child care programme's operational budget is allocated to wages and benefits (minimum of 75% for ECE staff in programme, maximum of 10% for administration)^{9 10}
- 17.5% of the operational budget is allocated to occupancy costs,¹¹ operating materials, services, utilities and nutrition (nutrition portion, not less than 2.5%)
- 2.5% of the operational budget is allocated to professional development for all early childhood staff (including supervisors, RECEs, child care workers, and cooks).¹²

Every line in a child care programme's operational budget is actually a policy decision that directly determines what the programme will be.¹³ When wages and benefits are 80% of a child care programme's operational budget, strong research studies show that the programme is more likely to be higher quality.

Base Wages for Quality

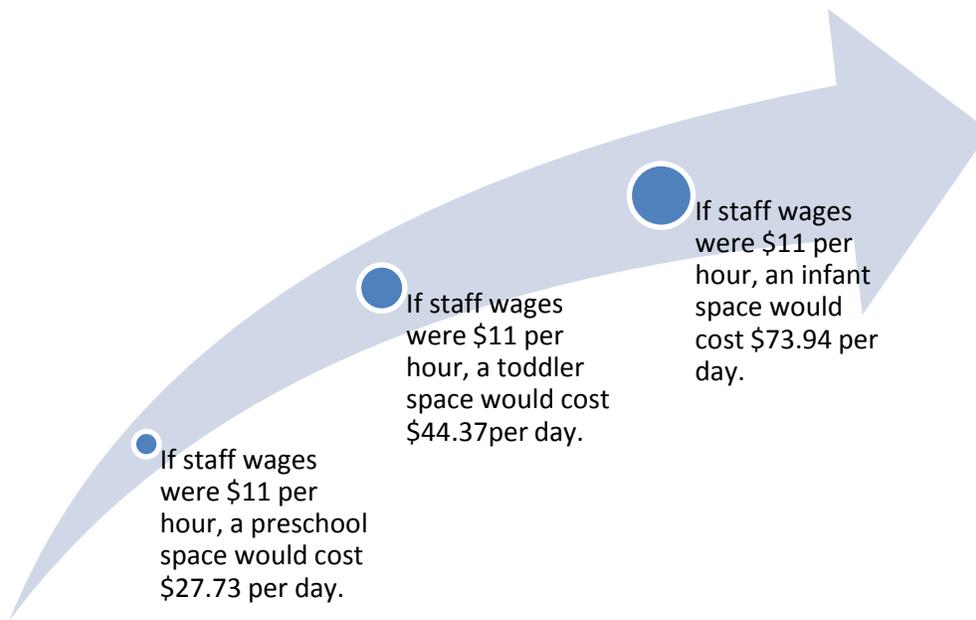
The first step in developing a good understanding the real cost of child care is knowing how wage levels of early childhood educator staff fit into a child care programme's operating budget.

A wage standard for appropriate compensation for early childhood education workers in licensed child care has been established by the Ministry of Education in their 2015 wage enhancement strategy. It is \$26.27 per hour for workers in licensed child care centres and \$262.70 per day for home child care providers working with a licensed agency. While the provincial wage enhancement strategy of up to a dollar an hour compensates early childhood education workers in child care directly – the WCCGOG will

strengthen the provincial wage enhancement strategy to improve compensation levels for ECEs despite the initiatives being completely independent of one another.¹⁴

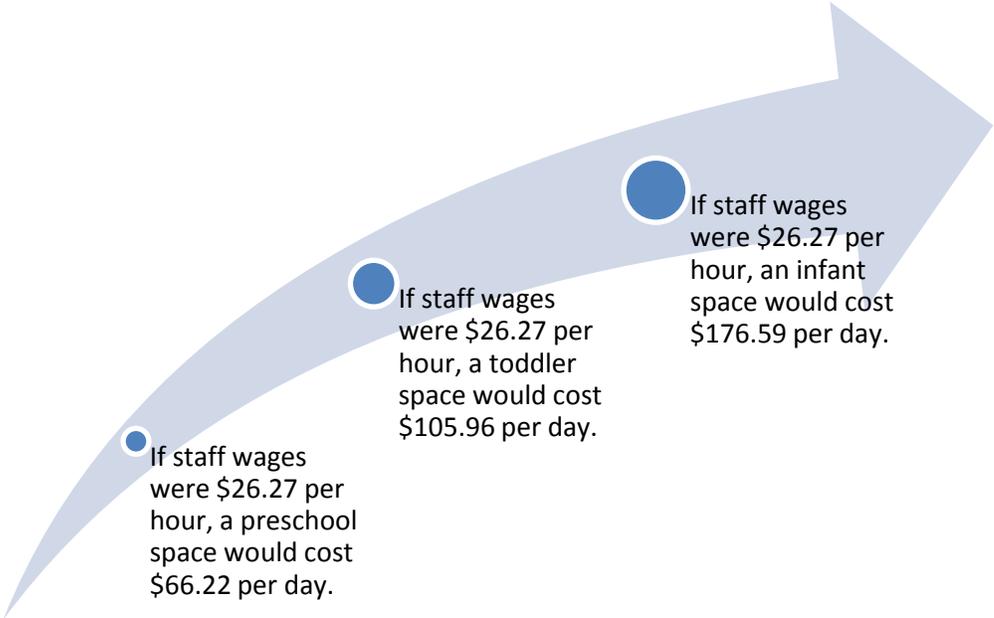
Child Care Services staff developed a formula for determining the real cost of licensed child care¹⁵ using the general operating *budget for quality* and then calculated the real cost of infant, toddler and preschool spaces when early childhood education staff are paid \$11.00 per hour (the mandatory base rate operator's must pay to receive grants) ;¹⁶ \$26.27 per hour;¹⁷ or \$20.00 per hour.¹⁸

The Real Cost of a Preschool, a Toddler, and an Infant Space when the staff wage is \$11 per hour (\$11 is Minimum Wage in Ontario and is the mandatory rate operator's must pay)

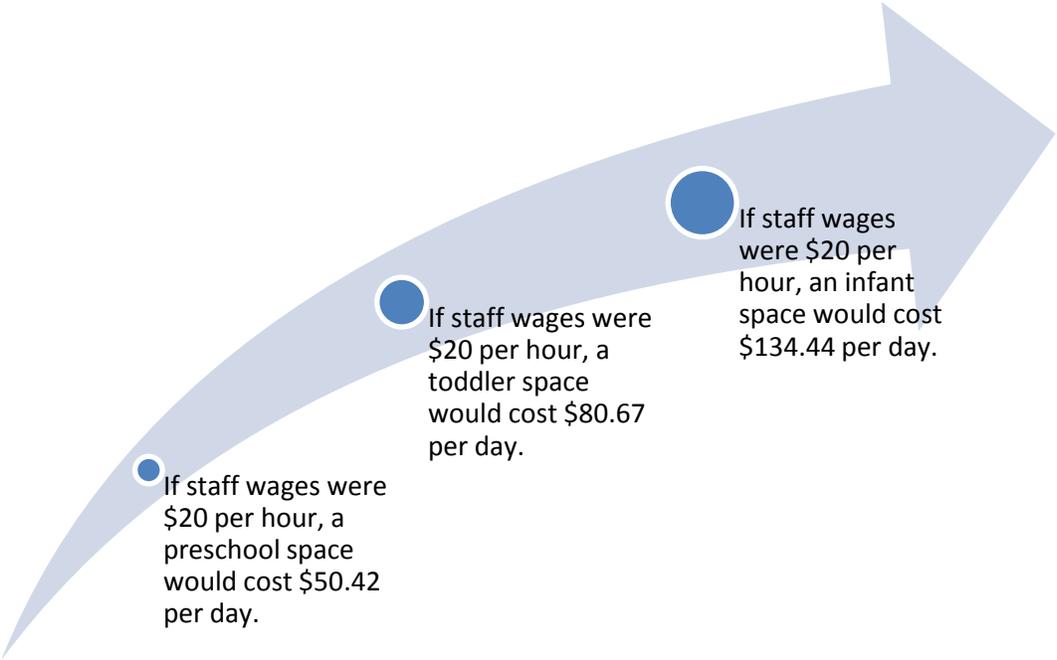


Note: The relative decline in the cost of child care as the ages of the children in each group go up has to do with the regulated ratio of qualified caregivers to children. Ratios are lowest for the older children – preschoolers (1:8) followed by toddlers (1:5) and infants (1:3).

The Real Cost of a Preschool, a Toddler, and an Infant Space when the staff wage is \$26.27 per hour (\$27.26 is a typical wage of RECEs working in Full Day Kindergarten)



The Real Cost of a Preschool, a Toddler, and an Infant Space when the staff wage is \$20 per hour



The Formula - Funding for Increased Quality and Service Levels while keeping User Fees Affordable for Families

The formula is essentially quite simple. The maximum eligible allocation is based on the programme's licensed capacity and is calculated by taking the difference between the daily cost to operate a child care space (based on staff earning \$20.00 per hour and operating at 11 hours per day) and the current average daily user fee for each full time space. For example:

- As the projected daily cost to operate and infant space is \$134.50 and the average fee generated revenue is \$53.50, the ideal general operating grant for an eligible infant space is \$81.00 per day.
- As the projected daily cost to operate and toddler space is \$80.70 and the average fee generated revenue is \$43.65, the ideal general operating grant for an eligible toddler space is \$37.05 per day.
- As the projected daily cost to operate and preschool space is \$50.40 and the average fee generated revenue is \$38.75, the ideal general operating grant for an eligible preschool space is \$11.65 per day.

Our testing of the model confirms that when fully funded and implemented, the WCCGOG formula and budget for quality will together ensure a sufficiently funded approach to support a modernized, stable, affordable high quality child care system with staffing models that are known to be good for children, families, ECEs, and for sector development.

This level of funding is intended to increase utilization rates (operating capacity vs licensed capacity) to serve more children and families in need of care while at the same time, increase quality by reinforcing the development of programme site staffing profiles that are associated with consistency in caregivers for children and that reinforce good practices in early childhood education.

An intended consequence is to eliminate short term and transient staffing methods that are associated with job insecurity in the child care sector for early childhood educators. And to provide for a variety of "quality supporting" staffing options – including for staff coverage while they complete documentation, meet with families and other service professionals, and participate in professional development activities.

This funding level and approach also provides for a range of staffing profiles that are focused on quality (e.g., full time positions outweigh part time; there is at least one full time ECE in the room at the beginning of the day and at one full time ECE in each room at the end of the day; all staff - including part time staff and teaching assistants - are RECEs). The proportion of the wages and benefits budget (25%) allowing for non-ratio staff permits every programme to accommodate a supervisor and a cook on site and also enhances the possibility of hiring additional programme staff that could enhance ratios during parts of the day.

In order to reduce parent fees for child care - a stated objective that the Ministry of Education has for this funding,¹⁹ predictability in base funding to child care operators is essential. One reliable way to offer programme operators higher levels of base funding predictability is to provide funding according to child care programmes' licensed capacity.²⁰ The licensed capacity for child care programmes is public information and cannot change without a Ministry of Education director issuing a new license. This also ensures the transfer of funds is transparent among the eligible programmes.

The WCCGOG strategy should, eventually, reduce the fees that operators charge families and the child care subsidy system. The impact on the fee subsidy budget will be that more families could be supported because the per-unit cost to the overall fee subsidy budget would be smaller: an obvious method to improve access equity for families. The WCCGOG strategy not only strengthens our role in system management, it also opens up the opportunity for the County of Wellington's child care fee subsidy budget to provide fee subsidies for higher numbers of families and children to access child care.

Supporting the Transition of Modernization

In order to avoid a reduction of current service levels, the *County of Wellington Child Care Service Plan 2015-2018* committed to continuing support – with operational funding – nursery school and school age programmes despite that they are not part of the full time, full year child care and early learning system.²¹

Therefore, the Wellington Child Care General Operating Grant implementation will be allocated in two separate tiers of eligibility for funding:

Tier One: Full time, full year birth to 4 years programmes that meet the priorities and requirements of the County of Wellington Purchase of Service Agreements will equitably receive *up to* the full calculated allocation of the WCCGOG with priority given to the non-profit sector. Where it is necessary to meet local community needs, the WCCGOG will be provided to the for-profit operator sector.

Tier Two: Nursery school programmes and School Age programmes (ages 4 to 12 years) that offer care 52 weeks per year will continue to be eligible for operational funding at their **current** funding level based on the current wage subsidy formula. There will be no increases of operating funds allocated to expansion in these programmes; however, the County will enter into Purchase of Service Agreements for Fee Subsidy with new operators and expansion of services.

Operating funding will be allocated by Child Care Services - as the system continues to transition and as a secondary priority for operational funding allocations - to programmes that deliver part time and/or part year services for children birth to 3.8 years and to programmes that deliver school-age programming for children older than 3.8 years.²² The operating funding allocations that part time and/or part year programmes and school-age programmes might access will be based on the formulas and methods used for prior wage subsidy allocations.

It is expected that as the new WCCGOG funds increase to support the early years and that school boards take on responsibility of the school age care system, the revenue from school age programmes will no longer be needed to support deficits created by operating infant, toddler, and preschool spaces. This will also enable operators who provide child care for both early years and school age to sustain equitable wage increases for all staff within their organizations.

Accountability

The funding amounts that child care programmes can receive from the WCCGOG are potentially higher than funding amounts that have ever been made available to operators in the past. Therefore, the WCCGOG strategy includes the highest levels of accountability for quality service delivery that the County of Wellington has ever asked of child care operators.

All operators in receipt of the WCCGOG as of January 1, 2016 must:

1. Meet the requirements of Tier One or Tier Two funding allocations
2. Meet all priorities and requirements of the County of Wellington Purchase of Service Agreements (current application and policies/procedures to remain in effect until approved changes are made)
3. Must demonstrate the organization's ability to "budget for quality"
4. Must receive approval of use of funds prior to receipt of funds
5. Must provide audited financial statements and budget/wage reporting documents annually.

Based on the level of WCCGOG made available to operators, must:

1. Must demonstrate increase to staff wages identified by Child Care Services
2. Must demonstrate increase to full time employment of Registered Early Childhood Educators
3. Must demonstrate increase to utilization rates identified by Child Care Services
4. Must demonstrate no increase or a decrease in parent fees as identified by Child Care Services

Child care programmes are able to account for 3 months reserve and still be supported by this funding approach. Child care programmes that are not able to meet the expected budgeting percentages will be required to review their allocations and, with respect to their reserve funding, may be required to review their reserve management system and demonstrate how they have revised their operational budgets to reflect the budget expectations.

Consequences of the Wellington Child Care General Operating Grant

1. Public funds provided to programmes will achieve a strategic, modernized, high quality system
2. The child care system in Wellington will be more predictable in its financial and operational stability. The system will no longer rely on low wage labour to exist.
3. More highly skilled Registered Early Childhood Educators will want to work (and stay working) in local child care programmes.
4. Child care operators will be able to hire RECEs for all staffing positions that work with children. The highly skilled but not-yet-qualified workers on staff who are too important to lose are able to get support in obtaining these Early Childhood Education qualifications. This will have a positive impact on how well children with disabilities and special needs are included in all aspects child care.²³
5. More children and families will be able to access spaces as programmes are better able to operate at licensed capacity.
6. Child care quality levels improve – this will be monitored by the Wellington Child Care Operating Criteria scores.
7. Child care operators will be more confident about opening and delivering high quality infant spaces and programmes in our rural areas.
8. With more provincial funding, parent fees can go down and fee subsidies can reach more families because the major portion of the cost of child care is funded through block public funding.

Endnotes

¹ In 2012 the Government of Ontario released the document “licensed child care questionnaire results” which identified ECEs median wages (in the low range) as \$15.67 per hour and (in the high range) as \$17.47 per hour in Ontario. According to Human Resources Sector Council You Bet We Still Care! data that are not released to the public, there are statistics showing that in the 519 area code wages are likely to be closer to just over \$16.00 per hour in urban child care programmes and \$14.00 per hour in rural child care programmes.

² Child Care Human Resources Sector Council (2013) *You Bet We Still Care! A Survey of Centre-based Early Childhood Education and Care in Canada*.

³ Wellington’s General Operating Grant Consultation with Operators June 2015.

⁴ This is discussed in much greater detail in the 2012 County of Wellington Child Care Services report, [The Economic Value of Child Care](#).

⁵ A 10% increase in the cost of child care can result in a 2% decrease in maternal employment in the population. [County of Wellington Child Care Services \(2012\). The Economic Value of Child Care](#), page 7.

⁶ The evidence that supports a full time, full year focused funding strategy because full time programmes have a more tangible impact on child development and on parent participation in employment are:

Barnett, W. S. (2008). *Preschool Education and its Lasting Effects: Research and Policy Implications*.

Fairholm, R. (2011, June 22). Economic Impacts of Early Learning and Care. Early Education Economic Forum, Atkinson Centre, OISE/University of Toronto. Toronto, Ontario: The Centre for Spatial Economics.

Barnett, W. S., & Ackerman, D. J. (2006). Cost, benefits and long-term effects of early care and education programs: recommendations and cautions for community developers. *Community Development: Journal of the Community Development Society*, 37(2), pp. 86-100.

Cleveland, G., Forer, B., Hyatt, D., Japel, C., & Krashinsky, M. (2008). New Evidence about Child Care in Canada: Use Patterns, Affordability, and Quality. *Institute for Research on Public Policy (IRPP)*, 14(12).

Ferrao, V. (2010, December). *Paid Work: Women in Canada, A Gender Based Statistical Report*. Statistics Canada.

Gassman-Pines, A. (2011). Low-income mothers' nighttime and weekend work: Daily associations with child behavior, mother-child interactions, and mood. *Family Relations*, 60, 15-29.

Heckman, J. J. (2000). *Policies to Foster Human Capital*. University of Chicago, Department of Economics. Berkeley : Aaron Wildavsky Forum, Richard and Rhoda Goldman School of Public Policy, University of California at Berkeley.

Kimmel, J. (2006). Child care, female employment and economic growth . *Community Development: Journal of the Community Development Society*, 37(2), 71-85.

Liu, Z. R., Ribeiro, R., & Warner, M. (2004). *Comparing Child Care Multipliers in the Regional Economy: Analysis From 50 States*. Cornell University Linking Economic Development and Child Care Research Project .

Melhuish, E. (2013). Let evidence lead the way: Findings from the UK's effective provision of preschool education study: A Connaught Global Challenge Fund Award Lecture. Toronto: Fraser Mustard Institute for Human Development, University of Toronto.

Moodie-Dyer, A. (2011). A policy analysis of child care subsidies: Increasing quality, access, and affordability. *Children and Schools* , 33(1), 37-45.

National Scientific Council on the Developing Child. (2007). *The Timing and Quality of Early Experiences Combine to Shape Brain Architecture: Working Paper #5*. Retrieved 08 10, 2011, from www.developingchild.net

Nomaguchi, K. M. (2006). Maternal employment, nonparental care, mother-child interactions, and child outcomes during preschool years. *Journal of Marriage and Family*, 68, pp. 1341-1369.

OECD. (2006). *Starting Strong II: Early Childhood Education and Care*. Paris, France: OECD Publishing.

OECD. (2011, 12 05). *Divided We Stand: Why Inequality Keeps Rising, Country Note - Canada*. Retrieved 12 06, 2011, from <http://www.oecd.org/dataoecd/50/52/49177689.pdf>

Penn, H. (2011). Policy Rationales for Early Childhood Services. *International Journal of Child Care and Education Policy*, 5(1), 1-16.

Ryan, R. M., Johnson, A., Rigby, E., & Brooks-Gunn, J. (2010). The impact of child care subsidy use on child care quality. *Early Childhood Research Quarterly*, doi:10.1016/j.ecresq.2010.11.004.

Shellenback, K. (2004). *Child Care and Parent Productivity: Making the Business Case*. Cornell University, Cornell Cooperative Extension, Department of City and Regional Planning. Ithica: Cornell University.

Torquati, J. C., Raikes, H. H., Huddleston-Casas, C. A., Bovaird, J. A., & Harris, B. A. (2011). Family income, parent education, and perceived constraints as predictors of observed program quality and parent rated program quality. *Early Childhood Research Quarterly*, doi:10.1016/j.ecresq.2011.03.004.

Warner, M. E. (2006). Overview: Articulating the economic importance of child care for community development. *Community Development, Journal of the Community Development Society*, 37(2), pp. 1-6.

Warner, M., Adriance, S., Barai, N., Hallas, J., Markeson, B., Morrissey, T., et al. (2004). *Economic Development Strategies to Promote Quality Child Care*. Ithica, New York: Linking Economic Development and Child Care Research Project, Cornell University.

⁷ Canadian research-evidence resources that provided the evidence for the Wellington standardized operational budget for quality:

Best Start Expert Panel on Quality and Human Resources (March 2007). *Report of the Expert Panel on Quality and Human Resources: Investing in Quality – Policies, Practices, Programs and Parents*. Ontario: Government of Ontario.

Chandler, K. (2003). *Administering for quality: Canadian early childhood development programs*. : Toronto, ON: Prentice Hall.

Child Care Human Resources Sector Council (2006). *What Factors Influence Wages and Benefits in Early Learning and Child Care Settings?* Ottawa: CCHRSC.

Cleveland, G. & Krashinsky, M. (2004). *Financing Early Learning and Child Care in Canada: Discussion paper prepared for the Canadian Council on Social Development's (CCSD) national conference on child care in Canada*. Winnipeg: Canadian Council on Social Development.

Doherty, G., Lero, D., Goelman, H., LaGrange, A., & Tougas, J. (2000). *You Bet I Care! A Canada-Wide Study on: Wages, Working Conditions, and Practices in Child Care Centres*. Guelph, Ontario: Centre for Families, Work, and Well-Being, University of Guelph (pages 167-170).

Goelman, H., Forer, B., Doherty, G., Lero, D.S., & LaGrange, A. (2006). Towards a predictive model of quality in Canadian child care centers. *Early Childhood Research Quarterly*, 21 (3) pp. 280- 295.

International research-evidence resources that provide supporting evidence for the Wellington standardized operational budget for quality:

Barnett, W. S., & Ackerman, D. J. (2006). Cost, benefits and long-term effects of early care and education programs: recommendations and cautions for community developers. *Community Development*, 37 (2), pp. 86-100.

OECD (2006). *Starting Strong II: Early Childhood Education and Care*. Paris: OECD Publishing.

OECD (2012). *Starting Strong III – A Quality Toolbox for ECE and Care*. Paris: OECD Publishing.

Operational and practice based resources were reviewed by Child Care Services staff to test the budget for quality proportions. They included the County of Wellington directly operated programmes' operational budgets; materials shared by other CMSMs including Peel, London Middlesex, Toronto, Waterloo, Kawartha Lakes; and by the Andrew Fleck Child Care Services organization.

⁸ This is a minimum wage standard. Early childhood staff wages in Wellington GOG funded programmes are to be \$20 per hour *plus* any other revenues to support wages (either from the operators' other sources of revenue or from the wage enhancement grant).

⁹ The seminal source of evidence that high quality early childhood education programmes allocate 80% of their operational budget to wages and working conditions is: Doherty, G., Lero, D., Goelman, H., LaGrange, A., & Tougas, J. (2000). *You Bet I Care! A Canada-Wide Study on: Wages, Working Conditions, and Practices in Child Care Centres*. Guelph, Ontario: Centre for Families, Work, and Well-Being, University of Guelph (pages 167-170).

You Bet I Care! is (still) the lone pan-Canadian study that studied the link between the child care workforce and process quality evaluation findings. Occupational reports, academic, practice-guiding publications and studies continue to reference the original *You Bet I Care!* findings and several studies have included examinations of this budget formula and the implications of programme quality. The additional resources that were used for the development of the Wellington operating budget for quality – and which specifically identify that when wages and benefits are 80% of an operational budget for child care, the programme is likely to be higher quality are:

Beach, J., J. Bertrand, B. Forer, D. Michal and J. Tougas (2004). *Working for change: Canada's child care workforce – Main report*. Ottawa: Child Care Human Resources Sector Council.

Chandler, K. (2003). *Administering for quality: Canadian early childhood development programs*. Prentice Hall: Toronto, ON.

Child Care Human Resources Sector Council (2006). *What Factors Influence Wages and Benefits in Early Learning and Child Care Settings?* CCHRSC: Ottawa.

Cleveland, G. & Krashinsky, M. (2004). *Financing Early Learning and Child Care in Canada: Discussion paper prepared for the Canadian Council on Social Development's (CCSD) national conference on child care in Canada*. Canadian Council on Social Development: Winnipeg (November).

Also see: Halfon, S. (2014). *Canada's childcare workforce*. [Moving Childcare Forward Project] Toronto: Childcare Resource and Research Unit. For a summary of the major Canadian research projects and their primary findings with respect to the child care workforce in Canada (including funding allocations, compensation, staffing retention, and quality).

¹⁰ Within the 80% expected proportion of the budget supporting wages and benefits, 75% must be for direct “teaching” staff – teaching staff are the early childhood educators and child care workers who are part of ratios. Because this standardized proportional budget is also going to be used for holding WGOG funded child care programme operators accountable to the funding they receive, it is important to note that programme operators will be required to demonstrate that no operating grant funding has been used for owner/operator compensation from the proportion of the budget that is for teaching staff. Also, in keeping with the provincial expenditure benchmark for administration, eligible expenses associated with the general operating grants for administration costs cannot be more than 10% of all general operating grant funding.

¹¹ This area of the operational budget (17.5%) is likely to be the area where child care programme operational costs vary the most across programmes. It is for this reason (and also because this is a block

funding strategy), that the standard operating budget for quality has not been made *more specific* in its details – except to say that nutrition costs (food) cannot be less than 2.5% of the budget. Occupancy costs (i.e., rent) in the Wellington service delivery area have challenged child care operators’ budgets. We have documentation that tells us that this is an area where there is the most variation (even within one organization, occupancy costs can vary between programme sites) for operators. It is not unreasonable to assume that the proportions of expenses related to occupancy costs for child care programmes in our service delivery area can range from 3% to as high as 15% of their budget. The occupancy costs proportion of child care programme budgets is difficult for the CMSM to have a direct impact on, beyond providing support for programmes advocating for better rent levels with their landlords. There are municipalities (e.g., City of Toronto) which have embedded funding for rent in their child care funding strategies in the past; however, the variability of the rental market dependent on the area, density of the population and nature of the space being rented can create situations that result in inequitable distribution of funding that is – at best, only tenuously – connected to quality child care delivery. As service system manager, the County of Wellington Child Care Services is taking an active role in communicating with school boards to ensure that the child care programmes located in publicly funded schools are charged low rent (and that the rate is standardized across all schools). There are Ministry of Education initiatives that were designed to support the development of licensed child care spaces in schools (e.g., Schools First Child Care Retrofit Policy) and there have been several indications in formal policy documents (for example, *Achieving Excellence: A Renewed Vision for Education in Ontario* April, 2014) that the Province of Ontario intends to enhance school boards’ capacity in integrating early years programmes and providing environments where services can be co-located for the convenience of parents and families.

¹² **2.5% is lower than the recommended 4%** for professional development in the March 2007, *Report of the Expert Panel on Quality and Human Resources: Investing in Quality – Policies, Practices, Programs and Parents*. The County of Wellington directly funds the Quality Child Care Initiative which is contracted to make available no-cost and very low cost professional development opportunities for all interested workers in licensed child care in the Wellington service delivery area. It is notable that if the QCCI activities were not directly funded by the CMSM, the equivalent of \$500,000+ for (approximately) every 1,000 full time, full year spaces in the Wellington service delivery area – would have to be directly drawn from the individual budgets of the child care programmes to be able come close to meeting what the research shows is a reasonable budget allocation for staff professional development.

¹³ Chandler, K. (2003). *Administering for quality: Canadian early childhood development programs*. Prentice Hall: Toronto, ON: pa.222.

¹⁴ This is one reason why wage enhancement funding cannot be used to replace general operating funding provided to operators and why the wage enhancement funding is always to be added to staff wages above and beyond how they might be supported by general operating funding.

¹⁵ The full set of assumptions for the calculations to determine the “real cost of child care” based on an hourly wage is:

- 11 hours of operation
- the hourly wage (for this report, the hourly wage is: \$26.27; \$11.00; \$20.00)
- the benefits rate is at 10%
- the teaching portion of the wages representing 75% of all wages
- the benefits and wages are 80% of all operational costs (for quality)
- the programme is open for 260 days of operation.

Real Cost of Child Care (Per Day) Rates for each age group were calculated using the following equations:

Staff Required = Number of children (by licensed capacity) x ratio requirement (to the Licensed Capacity) (e.g., *.333 infants; *.2 toddlers; *.125 preschoolers)

Staffing Hours = Hours of Operation x Staff Required

Wage Total = Staffing Hours x Hourly Wage (e.g., \$20.25; \$16.40; \$13.60; \$10.25)

Teaching Wages = Wage Total + (Wage Total x Benefits Rate as a % of all wages (i.e., 10%))

Total Wages = Teaching Wages / Teaching as a % of all wages (i.e., 75%)

Total Centre Cost = Total Wages / Wages as a % of all costs (i.e., 80%)

Cost per Child = Total Centre Cost / Number of Children (Licensed Capacity)

Annual Cost per Child = Cost per Child x Number of Operating Days (i.e., 260)

Annual Age Group Total Cost = Annual Cost per Child x Number of Children (Licensed Capacity)

Total Centre Costs for all Children (birth to 3.8 years) = Annual Age Group Total Costs Infants + ... Toddlers + ... Preschoolers)

¹⁶ \$11.00 per hour is minimum wage in Ontario. It is the mandatory base amount that must be paid for by child care operator in Ontario.

¹⁷ \$26.27 per hour is the Government of Ontario standard for wages of Registered ECEs working in Full Day Kindergarten programmes in Ontario. See: <http://news.ontario.ca/edu/en/2015/01/early-childhood-educators-wage-enhancement.html> (January 19, 2015).

¹⁸ \$20.00 per hour is the minimum wage standard for the Wellington general operating grant. Child care operators are mandated to pay the mandatory base of \$11 (minimum wage) per hour.

¹⁹ The purpose of the General Operating expense is to support the costs of operating licensed child care programmes in order to reduce wait times and fees for services, stabilize service levels, and (where funds allow), improve access to high quality affordable early learning and child care services for children and their families (Ontario Child Care Service Management and Funding Guideline, January 2015).

²⁰ The information on the license that the County of Wellington considers to be the “licensed capacities” is the information specifically called the “Licensed capacity of the day nursery” on the Ontario Ministry of Education *licence to operate a day nursery* for each child care programme.

²¹ Fee subsidies will be available to a wider range programmes than those that are eligible for the Wellington General Operating Grant.

²² Provincial documents, such as the *Child Care Funding Technical Paper, 2015, Winter 2014-15* differentiate between groups of children who are 1) *birth to 3.8*, 2) *3.9 to 12 years*, and 3) *4 and 5 year olds* for different technical aspects of the overall funding formulae for child care. The differentiation between these 3 age groupings fits with the early learning models proposed by Charles Pascal in *With Our Best Future in Mind*, and are based on the assumption that the schools become more responsible for the organization of a continuum of before and after school provisions for children 8 to 12 years; and that schools deliver the extended day model of care for kindergarten children that is also available for children who are 6 and 7 years old. The intention of this model of services – which included a funding reinvestment framework that involved higher levels of school-oriented funding for children 4 and older – was to intensify the capacity of child care *operating* funding to focus on children ages birth to 3.8 years. The Ontario Ministry of Education has made capital and transformation funding available to all CMSMs/DSSABs and school boards across Ontario to support the transition of the child care system to focus on children ages birth to 3.8. The formulae that the distributions of child care funding have been based on are population statistics of the numbers of children ages birth to 3.8 years (weighted); ages 4 and 5 years; ages birth to 12 years; and ages 3.9 to 12 years depending on the particular aspect of the service that is being considered in the formula.

²³ Peeters, J. (June 12, 2014). *Professionalization of ECEC: What makes a high quality ECE workforce?* Centre for Innovation in the Early Years, Ghent University. [Presentation at the George Brown and University of Toronto, Summer Institute 2014: Investing in the Early Childhood Workforce]; Vandebroek, M. & Lazzari, A. (2014). Accessibility of early childhood education and care: a state of affairs. *European Early Childhood Research Journal*, 22 (3): 327-335. The good evidence that indicates that improvements to child care service provision, including high proportions of well qualified early childhood education staff working with children, lower ratios, well-planned pedagogies etc, also fits with funding frameworks where the allocations of funding prioritize core services in early childhood education rather than specialized services that specifically target children with vulnerabilities and special needs. Across Ontario, Special Needs Resourcing allocations can range from a (mandatory) minimum expenditure of 4.1% (Child Care Funding Technical Paper 2015, Winter 2014-15) to expenditures that are more than 25% of a CMSM budget. The County of Wellington general operating funding strategy will continue to examine and take into consideration the impact that our more strategic funding approach for general operating of child care might have on child care programmes' special needs resourcing demands over time. There is the possibility that with the effective management and implementation of the general operating funding allocations to the child care programmes that demonstrate high levels of quality early childhood programming there could be corollary reductions in their need for the same relatively high levels of specialized resource supports that are currently organized, managed, and delivered by service agencies that are funded by the child care SNR budget.