

## TRANSITION TO EARLY LEARNING - WAGE SUBSIDY REINVESTMENT

### Purpose

This fact sheet communicates the Children's Services strategy related to wage subsidy. During the transition and implementation of Full Day Early Learning Kindergarten, as 4 and 5 year olds who are currently in child care programs move to schools with publicly funded full day kindergarten and extended day (Board or 3<sup>rd</sup> party operated), wage subsidy will be redirected into a central pool where it will be reinvested to support and sustain a child care system for children up to junior kindergarten entry.

### Why Wage Subsidy?

The strategic reinvestment of wage subsidy funds is necessary to support and sustain a system for children 0 to junior kindergarten entry and is critical to the successful reengineering of the child care system as envisioned in "With our Best Future in Mind: Implementing Early Learning in Ontario."

Although there has been a modest investment of new funds from the Province to support the reengineering of the child care system, the intention has always been that additional resources will come from savings of current resources.

Children's Services continues to communicate to the Province the amount of resources needed to ensure the childcare system remains stable during and following this transition. As circumstances change, we will ensure that our strategies align for the best possible outcomes for the system.

### How will this be calculated?

- As a group size of 4 and 5 year olds leave a child care centre, the wage subsidy will be recalculated by the proportional amount. There will be no change to wage subsidy if less than a group size leaves.
- A group size is defined by the child to staff ratio and includes;
  - 16 or 24 children operating at a 1:8 ratio → group size is 8
  - 10 or 20 children operating at a 1:10 ratio → group size is 10
  - 12 or 24 children operating at a 1:12 ratio → group size is 12
- During the transition period, as child care centres continue to escort to full day kindergarten programs, wage subsidy will be reduced to reflect the number of hours that service is provided.
- As programs reconfigure to provide care to the younger age groups, Operators can not reallocate wage subsidy funding into new or remaining service offerings, however, they may be approved for a transition period of up to 3 months before adjustments are made.
- Wage subsidy guidelines for recalculating the wage subsidy grant will be applied.

**When will this apply?**

- In the 2012 budget process, the recalculation of wage subsidy will begin.
- For the remainder of 2011, requests for reconfiguration, expansion and/or new service offerings will be reviewed and approved for fee subsidy only. Wage subsidy allocations will be determined through the reinvestment process.

**How will reinvestment take place?**

- Reinvestment of wage subsidy will be strategic and on a system-wide basis.
- Reinvestment decisions will be based on the needs identified in the ward analysis and on criteria for reinvestment.
- Requests for reinvestments into the younger age groups (beginning in 2012), will be done in conjunction with the ward analysis process.
- As per the Service Plan and the principles of age and geographic equity, fee subsidies will be approved in wards that are below their equity level.
- Most wards are over age equity for preschool spaces meaning the likelihood of new subsidized preschool placements is minimal. Centres will continue to receive transfers and accommodate move ups in their centre.
- Extended day programs under a third-party agreement with a school board or board operated are not eligible for wage subsidy.

We are aware that the removal of 4 and 5 year olds out of a centre's licensed capacity will impact per diems for the remaining age groupings so we are investigating alternative funding models that could support the increased fees. We know that the current funding model and wage subsidy program will be insufficient and we continue to work with the Ministry of Education to develop alternative strategies to more adequately address the new early learning system needs.

**ADDENDUM - WAGE SUBSIDY SCENARIOS**

Below are some scenarios that illustrate the possible impact of recalculating wage subsidy. While this list of scenarios is not exhaustive, it will provide some additional information to operators.

**Centre A** is a non-profit centre with an operating capacity of 56 PS children and 18 JK/SK's. Centre A's Wage Subsidy Funding in 2010 was \$8,837 - 94% of the centre entitlement for this age group.

A group of 10 JK/SK children now attend Full Day Early Learning Kindergarten. Based on the revised hours of care, the Wage Subsidy Entitlement for 2012 was recalculated at \$6,226 a reduction of \$2,468 while maintaining the Wage Subsidy Entitlement of 94%.

As Centre A's total operating capacity is 101 children, the reduction of \$2,468 could potentially result in an approximate 9.4 cent increase to parent daily fees.

**Centre B** is a commercial centre with an operating capacity of 16 PS children and 20 JK/SK's. Centre B's Wage Subsidy Funding in 2010 was \$3,482 - 85% of the centre's entitlement for this age group.

A group of 10 JK/SK children now attend Full Day Early Learning Kindergarten. Based on the revised hours of care, the Wage Subsidy Entitlement for 2012 was recalculated at \$2,031 a reduction of \$1,230 while maintaining the Wage Subsidy Entitlement of 85%.

As Centre B's total operating capacity is 61 children, the reduction of \$1,230 could potentially result in an approximate 7.8 cent increase to parent daily fees.

**Centre C** is a commercial centre with an operating capacity of 24 PS children and 12 JK/SK's. Centre C's Wage Subsidy Funding in 2010 \$3,482 - 71% of the centre's entitlement for this age group.

A group of 12 SK children now attend Full Day Early Learning Kindergarten. Based on the revised hours of care, the Wage Subsidy Entitlement for 2012 was recalculated at \$2,031, a reduction of \$1,035 while maintaining the Wage Subsidy Entitlement of 71%

As Centre C's total operating capacity is 51 children, the reduction of \$1,035 could potentially result in an approximate 7.8 cent increase to parent daily fees.

**Centre D** is a non-profit centre with an operating capacity of 32 PS children including 8 JK/SK's. Centre D's Wage Subsidy Funding in 2010 was \$9,534 - 77% of the centre's entitlement for this age group.

A group of 8 JK/SK children now attend Full Day Early Learning Kindergarten. Based on the revised hours of care, the Wage Subsidy Entitlement for 2012 was recalculated at \$6,011 a reduction of \$2,719, while maintaining the Wage Subsidy Entitlement of 71%

As Centre D's total operating capacity is 72 children, the reduction of \$2,719 could potentially result in an approximate 14.5 cent increase to parent daily fees.