

**Consolidated Clause in Community Services Committee Report 2, which was considered by City Council on April 25, 26 and 27, 2006.**

**4**

**Models of Funding Child Care Services**

*City Council on April 25, 26 and 27, 2006, adopted this Clause without amendment.*

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**The Community Services Committee recommends that City Council adopt the staff recommendations in the Recommendations Section of the report (February 21, 2006) from the General Manager, Children's Services.**

Purpose:

This report responds to the request from the Community Services Committee to consult with service providers, users and funders on various models of funding child care services, in preparation for new provincial funding initiatives under Best Start.

Financial Implications and Impact Statement:

This report has no direct financial implications.

Recommendations:

It is recommended that:

- (1) the Guiding Principles for a Best Start Funding Framework attached as Appendix 1 be approved and forwarded to the Minister of Children and Youth Services with the request that the Ministry use the guiding principles to inform its child care funding review;
- (2) the City request that it be consulted on changes to the funding models, be given the opportunity to review changes on the City's service system to ensure that changes do not adversely impact on parent fees and staff salaries and the stability of existing programs;
- (3) the General Manager of Children's Services consult with the community and report back on a strategy for the allocation of Best Start wage subsidy and wage improvement funds developed in accordance with the provincial wage subsidy guidelines and the guiding principles established in the Guiding Principles for a Best Start Funding Framework;

- (4) the General Manager report back on the future of the Federal/Provincial/Territorial agreements for Early Learning and Child Care (ELCC), on future provincial commitments for child care and the impact on the City's Child Care Service Plan including the proposed wage subsidy allocation strategy; and
- (5) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Background:

Over the last 18 months, the Children's Services Division has reported on various aspects of the federal funding for child care including a description of various demands and potential cost scenarios and the cost implications of implementing a Quebec-style model of \$10.00 a day child care. At its meeting of December 5, 6, and 7, 2005, Council received for information a report on the Quebec Child Care Model in the Ontario Context. As a result of this latter report and in preparation for new provincial funding initiatives under Best Start, Council directed the General Manager of Children's Services to consult with service providers, users and funders on various models of funding child care services and report back to Community Services Committee.

Council at its meeting of October 26, 27, 28 and 31, 2005, adopted the Best Start Service and Transition Plan. The Plan recommended the allocation of new wage subsidies be deferred until provincial guidelines were issued and further, that the future strategies be developed in accordance with previously established principles and wherever feasible, preference be given to funding operator's costs through per diems.

The long term future of wage subsidies will be examined by the provincial Best Start team through the review of child care funding models.

Comments:

The attached paper describes the current funding of the child care system and using the four principles of the National Early Learning and Child Care strategy - Quality, Universality, Accessibility and Developmental, proposes a number of principles to guide the development of a new funding framework for child care. The paper provides specific information about the current costs of child care, existing funding mechanisms and how parents contribute to cost of children care.

To guide the development of this paper, the Children's Service Division held a consultation session with child care service providers. In addition to the consultation with service providers, Children's Services has consulted with parents during the development of the Child Care Service Plan about their preferences. Parents have told us that they would prefer to have:

- (i) a more simplified subsidy process;
- (ii) less restrictive eligibility criteria;
- (iii) child care be more affordable;
- (iv) more families be eligible for subsidy;
- (v) more subsidized places and more choice; and
- (vi) there be not surcharges.

At the public consultation session on February 14, 2006, the principles for a Best Start funding framework discussed and agreed to at the consultation were as follows:

- (i) all programs must be funded sufficiently to provide good quality child care;
- (ii) all staff will be paid fair wages on established wage scales that recognize training and experience;
- (iii) if users must contribute toward the cost of care, the fees are assessed on the basis of income rather than the actual cost of care or a market price;
- (iv) effective service delivery – funding promote quality care, continuous improvement through ongoing training and innovation, funds for outcomes and continuous evaluation, supports the delivery of services during non-traditional hours and days and the integration of child care and learning;
- (v) efficient delivery of services – ensures accountability for costs and service outcomes, service delivery is planned, resources allocated to ensure value for investment, information systems and accountability through measurement and information;
- (vi) equitable funding includes commitment to the payment of actual costs of the service, recognized cost structures vary due to conditions, and funds inflation is built on a system where families of similar income and composition should contribute the same amount towards the cost of service of comparable quality; and
- (vii) the Early Learning and Care system cannot be truly effective or efficient without sufficient and sustained funding.

The ability of the Province to implement a new funding framework is likely to be affected by changed federal government priorities related to child care. The previous federal government announced \$5.5 billion to be spent over five years to support a national program of Early Learning and Child Care. Ontario signed an agreement in principle with the federal government in May 2005, and a five-year funding agreement in November 2005 and announced their Best Start strategy aimed at increasing licensed child care spaces, access to subsidies and improving wages of child care staff. Recent announcements by Prime Minister Harper to introduce a new Choice in Child Care Allowance of \$1,200.00 per year for each child under six, effective July 1, 2006 (provided the Act passes Parliament); phase out the early learning and child care agreements signed by the previous federal government with the Provinces effective March 31, 2007; and introduce new measures to assist employers and community organizations to create new child care spaces raise questions concerning future funding for Best Start. Although the Province has not indicated its intentions should the agreements be terminated, the Province continues to move forward with the implementation of Best Start.

The City has received \$73.467 million under the first year funding under Best Start and expects to receive \$69.640 million in 2006/07. The City has approved the Best Start Service and Transition Plan as amendments to the City's 2005-2009 Child Care Service Plan. This plan outlines the allocation of Best Start funds and sets aside funds for wage subsidy and wage

improvement. Specific directions for the distribution of these funds were deferred pending the distribution of provincial wage subsidy guidelines. The guidelines have now been issued and it is recommended that a strategy for the distribution of wage subsidy and wage improvement funds be developed guided by the principles of the Best Start Funding Framework and in accordance with provincial guidelines. Implementation of new wage subsidy payments should be delayed until there is assurance that these operating funds will continue beyond March 31, 2007.

Conclusions:

This report recommends Council to approve principles for a Best Start funding framework in preparation for new provincial funding initiatives under Best Start and provides an update on federal priorities for child care, their implications on the implementation of Best Start and future wage subsidy funding.

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List of Attachments:

Appendix 1 - Guiding Principles for a Best Start Funding Framework

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Appendix 1  
Guiding Principles for a Best Start Funding Framework

I. Introduction:

This paper proposes a number of principles for the development of a funding framework consistent with the provincial Best Start early learning and child care initiative and the National Child Care Strategy. The impetus for this paper comes from the direction given by the City of Toronto Council to present a discussion of possible alternatives to the existing way child care services are funded in Ontario as well as the need to align City of Toronto funding policies and those developed to implement Best Start. As well, recommendations from this paper are intended to inform the review of funding practices currently being undertaken by the Ministry of Children and Youth Services.

The paper briefly discusses child care funding in Ontario and then moves into Toronto's licensed child care system. Data is presented on fixed and variable costs for child care centres, the cost structure of child care centres, revenue sources, and average wages for full-time trained staff and untrained staff. The policy framework is then presented within the context of Best Start and the QUAD principles in the Canada/Ontario Agreement on Early Learning and Child Care (ELCC).

The paper discusses different approaches to funding ELCC, as well the parent contribution to child care. The paper proposes a set of guiding principles for a Best Start funding framework, and concludes by stating that they must be aligned with policy, regulatory and curriculum frameworks.

## II. Guiding Principles:

The main purpose of this document is to propose principles that will guide the City in the development of a framework to support child care in Toronto through the application of the new funding made available through the federal-provincial early learning and child care agreement finalized in November, 2005. The provincial plan is called Best Start and is implemented locally across Ontario by municipalities in partnership with school boards and community agencies.

The proposed vision for a funding framework states that:

- (i) All programs must be funded sufficiently to provide good quality child care;
- (ii) All staff will be paid fair wages on established wage scales that recognize training and experience; and
- (iii) If users contribute towards the cost of care, the fees will be assessed on the basis of income rather than the actual cost of care or market price.

This vision is supported by three principles in that the funding of child care will be:

- (i) Effective;
- (ii) Efficient; and
- (iii) Equitable.

The vision and principles are outlined in detail in section VIII of this document.

### Child Care Funding in Ontario:

In order to develop a new funding framework, it is important to understand the current policy and practice. This paper uses the data for the child care centres having a purchase of service contract with the City of Toronto in 2005<sup>1</sup>. Although this is probably the most extensive database in Ontario, some care is required when interpreting the data on staffing and expenditures. Specifically, data published elsewhere suggest that for historical and other reasons, Toronto's experience with the amount and distribution of child care subsidies and the role played by the commercial operators is somewhat different from the rest of the province.

<sup>1</sup> This report purposely excludes the municipally operated child care centres from the analysis, as they already experience a form of "base funding". Although the recommendations in this paper are fully applicable to all child care, the services delivered by licensed Home Child Care agencies were not included in the actual analysis.

- (1) The funding of child care services in Ontario consists of a mix of targeted fee subsidy payments on behalf of certain low income client groups and a variety of grants intended to support child care staff wages while reducing the cost of care for full fee and subsidized clients. By far, the largest amount of funding goes toward fee subsidies. While the provincial government determines the total amount of funding, the actual administration and management of the payments has been delegated to the municipal level. Municipalities are primarily accountable for the way in which subsidies are administered. The provincial government does not regulate the cost of care and monitors service levels through quarterly reporting and an annual reconciliation of funding provided to the municipalities. In addition, the provincial regulations require the municipalities to collect audited financial statements for all child care services receiving annual funding above \$20,000.00.

#### Fee Subsidies:

- (2) There is no consistent way in which rates paid to child care operators on behalf of subsidized clients are determined and consequently practices vary widely across Ontario. Only a few municipalities, such as Toronto, have in place detailed budget guidelines for the purchase of service contracts and therefore very little information exists on a provincial level about the actual cost of child care, and how much the subsidized clients are actually paying for the service.
- (3) Toronto has long been a leader in demanding that child care organizations submit detailed budgets and reconcile expenditures against the funding provided. This virtue has been born of necessity to maximize the available funding while treating operators as fairly as possible in recognizing different operating costs and pressures. In most of Ontario's Consolidated Municipal Service Managers (CMSMs), the rates paid to operators are determined by other mechanisms such as paying the market rate which may be a fixed rate bearing no relation to actual costs or paying the operator's public fee rate but controlling the percentage of subsidized clients.

#### Wage Subsidies:

- (4) In addition to fee subsidies child care is supported by a complex system of wage subsidies which has developed over time. Initially (1987), there was only the Direct Operating Grant (DOG), which was a fairly rational system based on operating capacity and number of spaces in each age group. This was followed in early 1990's by a Wage Enhancement Grant (WEG) and pay equity funding. The rules, which restricted the amount of wage subsidies payable to child care staff working for commercial and municipal operators and capped the available funding, have resulted in a tangled web of funding which was almost impossible to decipher by the time the responsibility for managing the wage subsidies was devolved to the CMSMs.
- (5) In addition to managing the provincial funding and contributing a 20 per cent share to the operating costs, some Ontario municipalities have also invested their own municipal resources in supporting the child care system. For example, Ottawa and Toronto have maintained modest capital programs after the province ended its participation. Since

1999, Toronto has paid the occupancy costs for child care centres located in schools and often contributed more than its legislated share of fee subsidies and other costs in order to prevent a significant erosion of the system. When these resources, plus other assistance such as capital funding and wage subsidies are taken into account, there is a substantial amount of “base funding” already in the child care system.

(6) In summary:

The complexity of the current funding structure carries an obligation to proceed with care when implementing change. Specifically:

- (i) occupancy costs vary considerably from centre to centre. For example, the City pays the occupancy costs for centres located in schools while other centres located in apartments and commercial facilities may pay commercial rents;
- (ii) programs may receive direct or indirect support from various sources including landlords, sponsoring employers and school boards;
- (iii) staff remuneration varies considerably as does the presence and size of the various wage subsidies and pay equity grants;
- (iv) even what seems like a simple solution such as simply increasing subsidy per diems as a way of raising staff wages will only work for centres where all parents are subsidized. In cases where centres are serving a large number of families paying the full fee, especially in centres with lower fees, parents would see significant fee increases, making child care increasingly unaffordable for families not eligible for subsidy;
- (v) the fiscal restraint experienced by the child care system over the last decade as well as the competitive nature of the marketplace which puts a downward pressure on any “non-essential” expenditures, such as staff training and development;
- (vi) meeting all of the guiding principles may mean that strategies such as differential wage subsidies for lower and higher-paid staff may be necessary; and
- (vii) even with the new federal funding, there are not enough funds available to fix all of the child care funding difficulties at the same time.

III. Licensed Child Care in Toronto:

Identifying the Main Cost Drivers:

- (1) Toronto’s licensed child care system has capacity to serve approximately 53,000 children. As of February 2006, the child care centres had a capacity of 48,339 spaces and the remainder is delivered through licensed private home child care agencies.<sup>2</sup> Parents who require and are eligible for child care fee subsidy can have their care delivered through either home or centre based care as long as the organization has a purchase of service contract with the City of Toronto. Not all service providers deliver care to subsidized children; 71 percent of all the licensed centres (612) with a total capacity of 37,379 spaces do currently provide access for subsidized children.<sup>3</sup>

- (2) The following outline of operating costs is based on data collected from the purchase of service child care centres in Toronto in 2005. Because of the differences in cost and revenue structures between non-profit and commercial child care programs much of the data is presented separately. It is not the intent of this paper to comment on the policy issue of auspice. Since 2004 the City of Toronto's policy restricts child care growth to non-profit operations. Existing contracts with commercial centres have been grandfathered and purchase of service budget rules do not allow for the funding of profit.
- (3) Costs can be classified several different ways. Probably the most useful for the purpose of a funding discussion is to distinguish between fixed and variable costs. The fixed costs include the facility and occupancy costs as well as program administration expenditures; sometimes the salary and benefits of the supervisor are also included in this category. These expenditures will be incurred regardless of the occupancy level of the program. The variable costs include program staffing, educational supplies and toys, and food as well as a number of other miscellaneous expenditures<sup>4</sup>.
- <sup>2</sup> Because only agencies, and not provider homes are licensed, the actual number of spaces provided is unknown.
- <sup>3</sup> More detailed description and data can be found in Appendix 1.
- <sup>4</sup> While not necessarily pressing in the context of Toronto's current child care system, it should be agreed here that profit, if any, would be included under the category variable costs.
- (4) Table 1 identifies the fixed and variable costs for child care centres.

Category	Staffing	Site	Supplies	Contracted
<b>Premises</b>	Cleaner/Janitor	Rent	Cleaning Supplies	Cleaning
		Mortgage Interest		
		Property Taxes		
		Utilities & Maintenance		
		Cap. Amortization		
<b>Program</b>	Supervisor	Durable Goods	Creative Supplies	Transportation
	Teaching Staff	- Playground	Books	Admissions
		- Toys & equipment	Toys	Training & Dev't
<b>Administration</b>	Administrator		Office Supplies	Legal
	Co-ordinator			Insurance
	Bookkeeper			Bookkeeping
				Professional Fees
				Business Travel
<b>Nutrition</b>	Housekeeper	Kitchen equipment	Food	Catering
	Dietary aide			
<b>Fixed Costs</b>				
<b>Variable Costs</b>				

- (5) Teaching staffing expenditures have been included in the variable cost group because these costs are dependent on the number of children enrolled.
- (6) The distinction between fixed and variable costs is relevant in a discussion of full or partial base funding of operating costs. It is argued here that, until such time as sufficient public investment enables a full implementation of the QUAD principles, it is more efficient to base fund the fixed rather than the variable costs.
- (7) In Ontario, base funding mainly covers staff remuneration through wage subsidies including Direct Operating Grants, Wage Enhancement Grants and Pay Equity grants. Occasionally funding has been available to service providers in the form of grants to address health and safety costs and in Toronto the occupancy costs of school based child care programs have been directly funded by the City. The value of the base-funded occupancy cost is approximately \$2.50 per space per day. Table 2 details the costs of child care and demonstrates the differences in cost structures between commercial and non-profit child care programs.

	<b>Commercial</b>	<b>Non-Profit</b>	<b>Total</b>
<b>Expense Type</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>All Salaries, Wages &amp; Benefits</b>	<b>71.9</b>	<b>80.3</b>	<b>78.1</b>
<b>Program Expenses</b>	<b>4.1</b>	<b>4.8</b>	<b>4.6</b>
<b>Food Prepared &amp; Catered</b>	<b>6.5</b>	<b>6.6</b>	<b>6.5</b>
<b>Occupancy Costs</b>	<b>12.9</b>	<b>4.9</b>	<b>7.0</b>
<b>Insurance, Audit &amp; Legal Fees</b>	<b>1.8</b>	<b>1.2</b>	<b>1.3</b>
<b>Office expenses</b>	<b>1.9</b>	<b>1.3</b>	<b>1.5</b>
<b>Training &amp; Development</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>
<b>Business Travel and Other Expenses</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	<b>Commercial</b>	<b>Non-Profit</b>	<b>Total</b>
<b>Details of Salaries, Wages &amp; Benefits</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Administration</b>	<b>12.0</b>	<b>6.7</b>	<b>8.1</b>
<b>Supervision</b>	<b>10.1</b>	<b>11.2</b>	<b>10.9</b>
<b>Program (ECE, Untrained &amp; Casual)</b>	<b>69.3</b>	<b>76.5</b>	<b>74.6</b>
<b>Caretaking</b>	<b>3.9</b>	<b>1.5</b>	<b>2.1</b>
<b>Housekeeping</b>	<b>4.8</b>	<b>4.1</b>	<b>4.3</b>
<b>Total</b>	<b>100.1</b>	<b>100.0</b>	<b>100.0</b>

The proportion of total expenditures allocated to wages and benefits, occupancy costs, administration and program staffing should be noted. On average the teaching or program costs represent only 58.3 percent of the total costs. It is concerning to note that staff training and development costs account for only .4 percent cent.

- (8) Revenues for most child care centres consist of a combination of parent fees, subsidy paid to the centre on behalf of families that qualify and the “base funding” components such as wage subsidy.
- (9) Table 3 identifies the revenue sources for purchase of service child care centres

Revenue Category	Commercial	Non-profit	Total
	%	%	%
Full Fee	15.8	40.1	33.6
Fee Subsidy	74.9	36.5	46.7
Assessed Fee	6.2	8.7	8.0
Wage Subsidy	3.1	10.7	8.7
Pay Equity		4.0	3.0
Total	100.0	100.0	100.0

- (10) Although approximately 47 percent of clients are full fee clients, they bring in only 33.6 percent of the total revenue. This discrepancy is primarily explained by the presence of wage and pay equity subsidies primarily in the non-profit sector. Of interest is also the difference in the proportion of revenue from fee subsidies. In the commercial sector the fee subsidies and subsidized clients are responsible for more than 80 percent of revenue, while on average only 45 percent of revenue in the non-profit sector comes from the subsidy system and its clients.<sup>5</sup>

<sup>5</sup> The high proportion of subsidized clients in the commercial sector centers is very much different from national experience; this also presents a significant management challenge when trying to improve wages, working conditions and quality of care in the commercial sector in Toronto.

**Wages and Benefits:**

- (11) Despite earlier efforts to dedicate a portion of subsidy funding to improving wages of the lowest paid program staff, a wide range of salaries exists across both sectors and although working more hours, Early Childhood Educators (ECEs) in commercial centres earn on average almost 19 percent less on an annual basis than their counterparts in the non-profit sector. For untrained staff the difference is even larger at 29 percent.

- (12) A significant portion of the difference is explained by the presence and size of various wage subsidies and pay equity grants; only 75 percent of the ECEs in the commercial sector receive any kind of wage grants as compared to 91 percent in the non-profit sector. Although on an hourly basis, ECEs in the non-profit centres earn, on average \$3.93 per hour more than their counterparts, this difference shrinks to \$.37 when grants are excluded from the calculation.
- (13) Tables 4 and 5 provide a cursory comparison of the wages for ECEs and untrained staff working full time (at least 7 hours per day, 250 or more days per year).

Table 4 – Average Wages for Full-time, Trained Staff

Trained ECE	Average	Commercial	Non-profit
Annual Salary	\$34,850	\$30,667	\$36,429
Hourly - Including Grants	\$17.94	\$15.15	\$19.08
- Base	\$14.55	\$14.29	\$14.66
- Grants	\$3.76	\$1.13	\$4.61
Annual Hours of Work	1,943	2,024	1,909
Annual Base Salary	\$28,271	\$28,923	\$27,986

Table 5 – Average Wages for Full-time, Untrained Staff

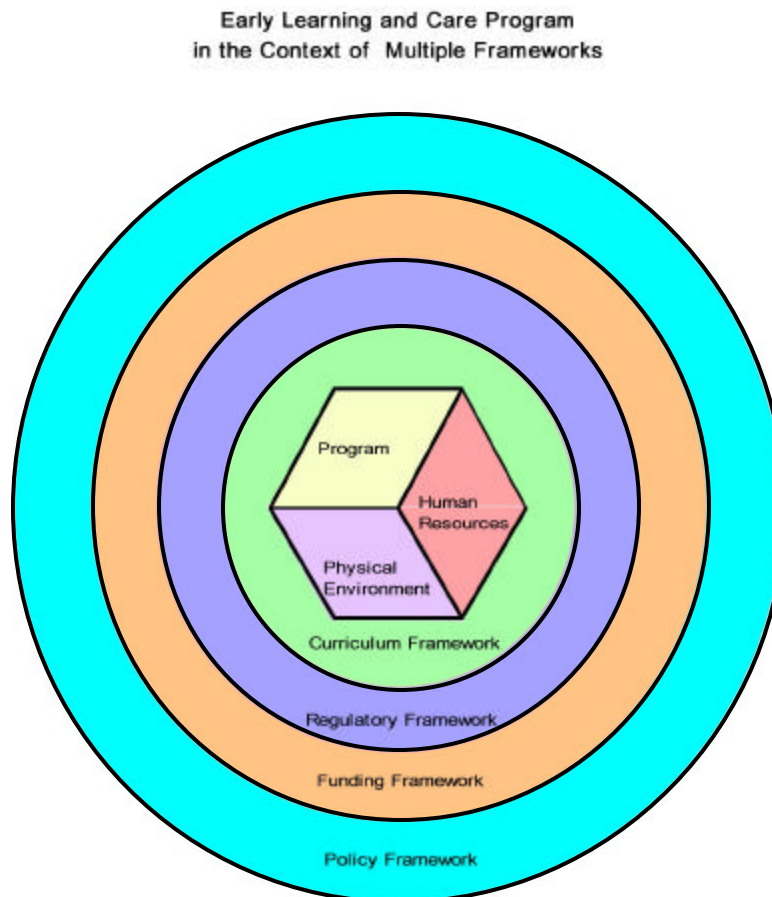
Untrained Assistant	Average	Commercial	Non-profit
Annual Salary	\$26,008	\$22,326	\$28,798
Hourly - Including grants	\$13.13	\$11.01	\$14.82
- Base	\$10.82	\$10.42	\$11.15
- Grants	\$2.79	\$0.84	\$4.00
Annual Hours of Work	1,981	2,028	1,943
Annual Base Salary	\$21,434	\$21,131	\$21,664

- (14) It is important to point out that the salaries shown above are only averages. For example, for the full-time ECEs in the commercial sector the hourly wages, including grants, range from \$8.89 to \$22.07 and cluster around the average of \$15.15. For the non-profit centres the spread is even larger with the lowest hourly salaries starting at \$9.79 and ranging all the way up to \$28.18, with a standard deviation of \$2.84.
- (15) Salaries of municipal staff provide a useful comparison, particularly as municipal salaries have been used to develop pay equity plans for most child care programs. All full time staff in municipal child care centres must possess an ECE diploma or a recognized equivalent. Over 80 percent of the City's Early Childhood Educators are paid between \$22.11 and \$23.06 per hour (average \$22.98); the remaining staff who carry overall responsibility for programming for a particular age group and replace the centre supervisor as necessary earn between \$26.47 and \$28.24 (average \$27.90). On an annual basis the municipal ECEs earn an average salary of \$41,824 and \$50,778 respectively for a 7 hour workday over 260 paid days.

IV. The Policy Framework:

- (1) Funding policy must be viewed within the context of Best Start and the QUAD principles embodied in the Canada / Ontario agreement on Early Learning and Child Care – quality, universally inclusive, accessible and developmental. Specifically, new funding policy should be evaluated, among other considerations, on the basis of how well it supports the goals consistent with the QUAD principles.
- (2) In Toronto, an additional policy test should apply, including the support of goals announced by the ‘Best Generation Yet’ and the Council directions underlying the Child Care Service Plan (see Appendix 2).
- (3) In addition to being supportive of the goals and principles identified below, it is important that a new funding framework does not germinate unintended consequences that may negatively impact the child care system or the children and families.
- (4) It is important to recognize that a discussion of a child care funding framework cannot be held in isolation from all other considerations. The main components of any early learning and care program – the physical environment, the human resources and, the actual program – all depend on a purposeful alignment of the overall policy, funding, regulation and curriculum frameworks (diagram 1). An effective Early Learning and Child Care system cannot be developed if any of the essential elements are missing. While the overall direction of the Best Start is clear, much work remains in all of the four framework areas.

Diagram 1:



V. Interpreting the QUAD principles:

(1) Although a significant step forward in terms of policy, the amount of funding allocated to the Canada / Ontario Agreement on Early Learning and Child Care is probably the most significant barrier to its successful implementation. Each of the four principles of QUAD comes with a significant price tag; an Early Learning and Care system that would provide the level and quality of service envisioned or implied by the various policy positions would probably require quadrupling of the existing child care expenditures.

(2) The existing child care “system” is severely under-funded as witnessed by decreasing ratios of trained staff<sup>6</sup>; especially noticeable is the decline in the physical environment of child care centres as a result of restricting funding allocations only to the most pressing health and safety issues.

<sup>6</sup> City of Toronto “Toronto Report Card on Children” Volume 5, p. 41 – 43, 2004.

(3) A new funding framework must support improving the quality of all child care services through:

(a) dedicated funding of pre and in-service training;

- (b) improvements to the physical infrastructure of child care centres and family resource programs; and
  - (c) funding enhanced ratios and compensating for increased costs associated with inclusion and provision of service to at-risk children, families and communities.
- (4) The concept of universally inclusive child care implies a funding framework that is sensitive to diverse range of child and family needs, especially those with special developmental and health needs; funding rules and regulations should enable inclusiveness, not prevent it. In the Toronto context, this principle is expressed by the 'Every Child Belongs' slogan.
- (5) The accessibility principle has some major implications for the design of a funding framework:
- (a) in the more narrower interpretation, it means that funding regulations should not prevent or restrict the establishment and provision of services outside the traditional working hours and weekends; it also means that services need to be available for all age groups, including the very youngest;
  - (b) in its more general meaning, accessibility (together with universality) means that neither family income nor work force participation should constitute a barrier to a child's participation in the system;
  - (c) even more important is the implication that the ability to pay for actual cost of service should not constitute a barrier for any child or family. However, it is at least a short-term reality that the funding of the Early Learning and Child Care system, as provided by the federal government and passed through by Ontario, is clearly insufficient to achieve the vision embodied by the QUAD principles for all children. This shortage of funding leads towards prioritization and other eligibility barriers, especially for those who depend on fee subsidies.

Thus, the danger is in letting the short-term funding considerations affect the long-term vision of a universal early learning and care system that fully builds on the QUAD principles.

- (6) The "developmental" characteristic of the emerging Early Learning and Child Care system affects the funding in concert with the "quality" principle. All high quality child care programs do, by definition, support and enhance the social and cognitive development of every child. These essential skills translate into learning including, of course, the emerging numeracy and literacy skills. Probably, the most constructive view of the "developmental" principle is that to achieve it on a large, consistent scale, it is necessary to create and fund an ELCC system, rather than a patchwork of inconsistent, individual services delivered by hundreds of service providers lacking a cohesive curriculum and pedagogic approach<sup>7</sup>. Even in the short term, this implies funding allocations for changing the training, program delivery and evaluation components of the existing system.

- <sup>7</sup> Office of the Auditor General of Ontario, 2005 Audit Report, Chapter 3.04 comments on lack of curriculum and support for ongoing professional development and training.

## VI. Classifying ELCC Systems:

### Demand vs. Supply approach to ELCC<sup>8</sup>:

- (1) It may be useful here to make a distinction between demand and supply approaches to funding ELCC. The concept of demand implies a market based system with vouchers for families to offset some or all of the expense if they cannot afford to pay the full cost of care; the implicit assumption is that parents will make the best choice for their children according to their own priorities. On the other hand, the concept of supply represents ELCC as a publicly funded commodity deemed to be in society's interest to supply to the fullest extent possible (universality); the funding of kindergarten programs clearly falls in this category. While some jurisdictions (e.g. Sweden, Finland, Denmark) have adopted the supply approach, most of the child care "systems" are based on the demand model. Receiving high or a full level of base funding distinguishes the supply models from the demand models.

<sup>8</sup> For an extensive discussion of this topic see G. Cleveland & M. Krashinsky Financing ECEC Services in OECD Countries, Organization for Economic Cooperation and Development, 2003.

- (2) Within the Canadian context, Quebec and Manitoba stand out from the rest of the provinces by significantly changing the funding of the provincial child care systems. In Quebec, where the provincial government has completely revamped the child care system through a legislative change, the focus has been on change through new models of local service delivery, rapid expansion of access for all children supported by funding of capital costs, base funding of operating expenditures and the implementation of a province-wide curriculum<sup>9</sup>. Manitoba's approach favours a much more gradual change through improvement of working conditions and partial base funding of operating costs. It is notable that in both cases only non-profit child care organizations can benefit from the base funding initiatives.

<sup>9</sup> Appendix 3 provides more detail on the Quebec funding framework.

- (3) Contrary to popular belief, the presence of base funding does not remove the funder's and provider's responsibility for efficient operation, including ensuring fullest possible levels of enrolment.
- (4) Although Ontario's approach to child care is firmly rooted in the demand model, there are already elements of funding within the system that move it toward a mixed model system. In many cases, parents pay less than 75 percent of the actual cost of child care even before factoring in the impact of the Child Care Tax Deduction.

VII. Parent Contribution to Cost of Child Care:

- (1) A fully publicly funded ELCC system does not mean that parents are not contributing in any way toward the cost of the child care components. Just about every single jurisdiction in the world requires some kind of co-payment based either on a flat fee, variable proportion of cost of care or a proportion of family income. In those cases where families are exempt from paying any portion of the cost of care, a financial eligibility test is usually conducted.
- (2) The Government of Ontario has committed to implementation of “income tested” user contribution to child care. The actual design of the income test and its parameters will definitively affect the ability of the system to support the delivery of quality care, including expenditures on child care environments, training and remuneration of program staff<sup>10</sup>.

<sup>10</sup> Appendix 4 outlines the income test design issues.

- (3) The important distinction has to be made in the role that user fees pay in funding the system. In a publicly funded system, the parent fees represent contribution toward the overall supply of child care. In Ontario’s context (as well as most other jurisdictions) parent fees make up the difference between funds received from other sources and the cost of care; thus parent (full) fees will vary according to the cost structure of the program<sup>11</sup>. This often brings forth market pressure to keep costs low through payment of low wages, minimal acceptable ratios of trained to untrained staff and other cost-cutting measures resulting in low quality child care.

<sup>11</sup> Appendix 5 contains the 2005 public fees.

- (4) A child care fee subsidy, at least in Toronto, is paid on the basis of eligible program costs and cannot exceed the costs borne by full fee clients. However, in many Ontario jurisdictions the amount paid for by the subsidy system is a fixed amount leading to additional surcharges to subsidized clients or a refusal to accept subsidized clients by community operators when there is a sufficient demand for market priced child care.
- (5) It is important to remember that the child care fee subsidy “belongs” to the family and can move with the child from one service provider to another. In other words, regardless of the manner in which they are administered, child care fee subsidies are essentially user fees and should not be confused with other forms of government funding and subsidies of child care providers<sup>12</sup>.

<sup>12</sup> Some CMSMs actually allocate subsidies to individual operators thus creating an illusion that they are part of a secure, government funding package. In reality, fee subsidies can only be paid on the basis of actual enrolment of eligible clients.

- (6) As we have seen above, most of the discussion of funding within the overall QUAD framework touches upon the subjects of quality and accessibility. While accessibility is

up to a large degree a function of the total amount of funding available, the affordability of child care services for the middle class remains a serious funding policy issue. Improving the quality of the existing system will necessarily lead towards higher cost of care which, in turn, will put even more pressure on addressing the affordability question. This only reinforces the importance of separating the act of assessment and collection of user fees from the process of determining and delivering funding necessary to operate child care programs. Child care programs cannot depend on parent fees as their main, and often the only source of revenue. The ability of programs to deliver quality care and to pay fair wages to child care staff should not depend upon the ability of individual families to pay for it.

#### VIII. Principles for a Funding Framework:

- (1) From a funding point of view, the vision of a fair framework is quite simple. Despite varying occupancy costs and differences in average per diems resulting from variances in operating capacities the following basic features should be always present:
  - (a) all programs must be funded sufficiently to provide good quality child care
  - (b) all staff will be paid fair wages on established wage scales that recognize training and experience; and
  - (c) if users must contribute toward the cost of care, the fees will be assessed on the basis of income rather than the actual cost of care or a market price.
  
- (2) Keeping the above considerations in mind, several important principles to shape the funding framework can be identified:
  - (a) effective service delivery; this means that funding must promote quality care, and encourage continuous improvement through ongoing training and innovation. An effective funding framework is based on the concept of funding for outcomes and continuous evaluation of the service. On a more practical level, the funding framework must support the delivery of services during non-traditional hours and days. An effective funding framework will also support the integration of child care and learning especially for the 4 and 5 year old children;
  - (b) efficient delivery of services; this means that service providers have to be accountable for costs and service outcomes. System managers must support the service delivery through planning and resource allocation processes that ensure the best possible value for investment of public funds<sup>13</sup>. Improved information systems are required to ensure better planning and accountability of the system; and
  - (c) equitable funding can be only ensured by a commitment to the payment of actual costs of the service; this requires recognition of different cost structures based on local conditions and a commitment to fund the ongoing impact of inflation. Although we talk mainly about the equitable funding of child care services, the concept applies above all to the users of the service. In the simplest interpretation of the term, equity means that all families of similar income and composition

should contribute the same amount towards the cost of service of comparable quality. The access to good quality child care should not depend upon the ability of an individual family to pay for it. Of course, we know that for historical and systemic reasons this does not happen.

<sup>13</sup> Efficiency does not mean the lowest possible cost if it comes at the expense of fair wages and quality of care.

We need to do the right thing the right way with the right resources. The Early Learning and Care system cannot be truly effective, or efficient without sufficient and sustained funding.

#### IX. Identifying Barriers:

- (1) The “ideal” funding framework cannot be taken in isolation from the current policy, regulatory and fiscal realities. There are many issues facing the current child care system that make the design of, and transition to, a new funding framework very challenging:
  - (a) there is clearly a lack of province-wide data to form a clear picture about the extent of funding required to meet the capital and operating costs of a fully developed child care system. This is partly due to the fact that a cohesive vision of a child care system under Best Start has not yet been fully developed;
  - (b) however, on a much more prosaic level, there is also an insufficient knowledge about the current operating costs of child care centres and home child care agencies across the province to make a reliable assessment of total funding requirements; and
  - (c) even less is known about the actual amounts that users, both subsidized and full fee, pay currently for child care in Ontario.
- (2) Not least among the obstacles to a comprehensive funding reform is the fragmented nature of the child care “system”. In Toronto we have almost 500 separate purchase of service contracts (excluding wage subsidies) for 600 centres with some 35,000 spaces. And although some generalizations can be made about the overall cost structure, the actual costs are unique to each location. There is a tremendous range of salaries, occupancy costs and revenues<sup>14</sup>. The governance structures vary as much as the abilities to manage the service that they provide. And unfortunately, but not surprisingly, the quality of the child care they provide varies greatly as well.

<sup>14</sup> Appendix 5 shows the range of public fees resulting from different cost and revenue structures.

#### X. Conclusions:

- (1) A new funding framework must be aligned with the Best Start policy, regulatory and curriculum frameworks.

- (2) Barriers to the implementation of a new funding framework are insufficient funding, a fragmented system and the need for legislative/regulatory changes that provide new funding tools and mechanisms for child care operators.
- (3) A new funding framework must fund child care programs to deliver quality care and pay fair wages and must not depend on the ability of families to pay – methods of determining and collecting parent contributions must be changed to ensure that quality of child care is not dependent on user revenues.
- (4) The new funding framework must be applied with care so that change does not increase current inequities or result in new ones.
- (5) Short-term funding considerations and action should not negatively affect the long-term vision of a universal early learning and care system that fully builds on the QUAD principles. Among possible immediate steps that could be taken and would be consistent with the long term direction are:
  - (a) base funding of fixed costs, including occupancy and supervisor salary; and
  - (b) establishment of wage scales for program staff, including minimum levels tied to education and experience.
- (6) Base funding of child care programs must be closely tied to accountability for service levels, program and child outcomes and efficient use of resources.

**APPENDIX 1**  
*Licensed Centre Based Child Care Spaces in Toronto*  
*by location status (purchased or not purchased)*  
 13FEB06

status	location	Type	# of centres	%	infant spaces	toddler spaces	preschool spaces	schoolage spaces	total spaces	0-5 spaces	% 0-5 spaces	% 6+ spaces	subsidy spaces	% subsidy	
Purchased	School	Commercial	9	1%	0	35	474	327	836	509	61%	39%	471	56%	
		Municipal	11	1%	20	30	240	227	517	290	56%	44%	479	93%	
		Non-profit	241	28%	111	400	6,028	7,734	14,273	6,539	46%	54%	5,723	40%	
		Community	109	13%	580	1,327	4,467	1,461	7,835	6,374	81%	19%	6,361	81%	
			Municipal	46	5%	376	480	1,283	311	2,450	2,139	87%	13%	2,195	90%
			Non-profit	196	23%	1,160	2,275	6,415	1,630	11,479	9,849	86%	14%	5,777	50%
			<b>612</b>	<b>71%</b>	<b>2,247</b>	<b>4,547</b>	<b>18,907</b>	<b>11,690</b>	<b>37,390</b>	<b>25,700</b>	<b>69%</b>	<b>31%</b>	<b>21,006</b>	<b>56%</b>	
Not purchased	School	Commercial	5	1%	0	0	62	153	215	62	29%	71%	0	0%	
		Non-profit	56	6%	0	10	762	1,367	2,139	772	36%	64%	0	0%	
		Community	90	10%	105	509	3,258	231	4,103	3,872	94%	6%	0	0%	
			Non-profit	99	11%	125	503	3,098	777	4,503	3,726	83%	17%	0	0%
			<b>250</b>	<b>29%</b>	<b>230</b>	<b>1,022</b>	<b>7,180</b>	<b>2,528</b>	<b>10,960</b>	<b>8,432</b>	<b>77%</b>	<b>23%</b>	<b>0</b>	<b>0%</b>	
<b>All</b>			<b>862</b>	<b>100%</b>	<b>2,477</b>	<b>5,569</b>	<b>14,218</b>	<b>48,350</b>	<b>34,132</b>	<b>71%</b>	<b>29%</b>	<b>21,006</b>	<b>43%</b>		

## Appendix 2

### 4.1 Best Start Implementation directions:

#### A. Funding from Best Start will be used to maintain the existing system:

##### Strategy/assumptions:

Provided the City is able to achieve the targets, Best Start funding will be used to maintain the existing system through increased per diems and other base funding:

##### (i) Annual budgeted increase of 3%, beginning in 2006

Year	Increase (million)	Total to 2009 (million)
2006	\$5.4	\$5.4
2007	\$5.5	\$10.9
2008	\$5.6	\$16.5
2009	\$5.7	\$22.2

(ii) Improve wages of child care staff to reduce the rate of staff turnover and to improve quality of child care. This is an ongoing priority for both the City of Toronto and the provincial Best Start program. A portion of Best Start funding will be specifically allocated to wage enhancement for all staff working directly with children. Starting with a modest \$2.4 million in 2005, this commitment will increase to an annual level of at least \$14.7 million by 2008. Details of the implementation will be determined once the provincial guidelines are available.

(iii) Minor capital funding will remain an important tool for addressing emerging health and safety needs, including improvements to the physical environment of many child care settings. Five million dollars will be budgeted for each of the next five years for this purpose. Existing processes and procedures will apply.

#### B. Increase provincially funded subsidies from 21,314 to 27,169 by March 31, 2008:

##### Strategy/assumptions:

(i) Assuming that eventually all new licensed spaces targeted by Best Start will result in a corresponding increase in subsidies, access to subsidies will be governed by the equity principles embodied in the Toronto Child Care Service Plan.

Proposed Implementation of new child care fee subsidies

Year	New subsidy spaces by year	Total 2005 – 2009	
		Cumulative number of subsidies	Cost (\$ million) of subsidies
2005	2,145	2,145	\$12,436.6
2006	698	2,843	\$20,965.1
2007	2,317	5,160	\$31,838.7
2008	695	5,855	\$53,924.1
2009	0	5,855	\$55,219.1

- (ii) Operating start-up funds will be available for programs bringing on new licensed spaces. Depending on the nature of the program and actual expenditure required, up to \$2,200 per space will be made available. It is expected that the demand for this funding will coincide with the timing of new spaces being prepared for licensing. The total expenditure for the start-up costs is expected to be \$9.8 million by the end of 2008.

C. Wage subsidy:

Strategy/assumptions:

Best Start funding can be used to provide wage subsidies for the new licensed spaces. However, the decision to fund new wage subsidies will be made according to the previously established principles and, wherever feasible, preference will be given to funding operator’s costs through per diems that meet the full cost of operation. The long term future of wage subsidies will be examined by the provincial Best Start team through the review of child care funding models.

D. Special needs resourcing:

Strategy/assumptions:

In June 2005, Council approved the doubling of expenditures on child care supports for children with special needs over the next five years. Given the availability of funding and the level of unmet needs, this plan proposes acceleration of this target to 2008. Therefore, \$2.5 million (adjusted for inflation) will be added to the system annually. The following allocations are proposed for 2006:

- (i) \$0.4 million for harmonizing services across Toronto;
- (ii) \$0.8 million for developing intensive supports for children with behavioural problems;
- (iii) \$1.2 million for increased level of special needs consultation; and
- (iv) \$0.1 million for short-term staffing costs to support including special needs children in child care settings.

Expenditure focus for the following years will be determined in consultation with the Special Needs Advisory group.

### Appendix 3

#### The Quebec Funding Framework:

The funding framework for CPEs and “private day care centres under agreement” has, until recently, consisted of five major components:

- (1) Operating Grant for a CPE consisting of a basic allowance dependent upon the mix of services, ages and number of children; also a number of supplemental, conditional allowances for provision of services in areas of high poverty or services for children with special needs are available throughout the system.
- (2) Pension Plan Grant is an annual contribution paid directly into a pension fund on behalf of the CPE, which also has to meet part of the contribution costs.
- (3) Grant to Start and Supervise a Development Project as approved by the Ministry.
- (4) Investment Project Grant for small projects not eligible for major capital funding.
- (5) Grant for Acquisition of Assets of an existing private daycare operator.

Since 2004, capital funding has been eliminated and the 2005/06 general operating grants have been reduced by 10 per cent.

The Operating Grants consist of three major components, all of which are closely tied to a concept of “occupancy rate”:

- (1) Occupancy grant covers “expenses related to premises”; it is the lesser of actual expenses or a ceiling which, in 2005/06 was \$36,000.00 for the first 30 centre-based spaces and \$1,000.00 for each additional space beyond the first 30. For home child care settings the rate is \$250.00 per space for the first 50 children and \$140.00 for each space above that level. Additionally, centre-based programs are allowed \$150.00 per space for repairs and maintenance while the comparable amount for home child care is \$50.00 per space.
- (2) General overhead grant to support the program management and administration costs of an CPE. These grants are calculated as \$1,833.15 for the first 60 spaces and \$1191.60 for each additional centre-base space; the corresponding amount in home child care is \$1,406.50 for each of the first 50 spaces, \$833.55 for each of the next 100 spaces and \$765.10 for each space above 150. The actual grant is reduced by the amount to be collected from parents eligible for the \$7.00 user fee.
- (3) Care and educational expenses grant is a payment on behalf of children eligible for reduced, \$7.00 daily fee. Amounts for children in centre-base care are \$49.95 per day for children under 18 months and \$32.50 per day for children between 18 and 59 months old. In home child care the corresponding rates are \$33.95 and \$24.50 per day.

Operating grants are supplemented by additional amounts based on proportion of children from disadvantaged circumstances or children with special needs. For example, if more than 20 percent of children are exempted from payment of fees, the general overhead grant is increased by 6.9 percent; CPEs providing service for children with special needs receive a one time payment of \$2,200.00 per child for equipment and other costs, as well as a premium of \$25.00 for each day of attendance.

Each CPE is responsible for the difference between the actual operating costs and the available government funding; to the extent that funding has not been increasing with inflation and, in fact, has been cut significantly in the last two years, CPEs are often forced to impose surcharges on parent fees or find other sources of funds.

The level of grants is established annually by the provincial government and reflect the wage scales negotiated periodically between the government, the unions and the Quebec association of the CPEs. Although the CPEs are not forced to pay the official wage scales, the grants can be adjusted downward if the actual wage rates paid are significantly below the official scales.

While payments to CPEs are advanced on a monthly basis, their level is based on previous year occupancy rate amended by factors known during the budget preparation time (e.g. proposed expansion of service). The level of payment is reviewed and potentially adjusted according to the actual occupancy rate. A final reconciliation must be submitted to the provincial government within three months of the end of the fiscal year and any final adjustments are made at that time. All of the operating and other grants must be supported by extensive budget documentation, followed by reconciliation of attendance and verification of actual expenditures.

## Appendix 4

### General Parameters of an Income Test:

As a part of its electoral platform and the Best Start commitments, the current provincial government is planning to introduce an Income Test sometime in 2006. Very little has been publicly announced other than the original parameters that included full subsidy for eligible families with annual incomes below \$25,000.00 and cessation of any subsidy for families with incomes above \$75,000.00.

There are some basic characteristic and terminology that are common to all income tests regardless how they are implemented across Canada. In all cases, there is:

- (i) turning point - an income level above which user fees are charged; conversely defined, an income level below which client pays no fees. In the context of the original announcements, the turning point has been set at \$25,000.00.
- (ii) tax-back rate - the rate at which any income between the turning point and the ceiling is taxed; under Canada Assistance Plan the rate was set at 50 percent. In other words, the user contributes fifty cents of each additional dollar of income towards the cost of care. The Best Start announcements do not specify any particular tax-back rate.

- (iii) break-even point - level of income above which any subsidy ceases and the user is required to pay the full cost of the service or an otherwise defined maximum contribution; the Best Start announcement sets the break-even point at \$75,000.00. Strictly speaking, it is neither necessary nor desirable to have a “break even point” if the income test is well designed.

Characteristics of a “good” income test:

None of the income tests employed by the provinces across Canada are perfect or particularly generous. Rather than focusing on problems with some of the existing implementations, it is more productive to concentrate on what an Income Test should be:

- (i) fair and equitable – there must be a direct relationship between family income and fee, although an equity argument could be used to support different tax-back rate structures according to family composition, income tax deductibility of fees and regional differences in cost of living;
- (ii) easy to administer – an unambiguous definition and proof of income are required; for example, “Net Income” as shown on line 236 of the Notice of Assessment from Canada Customs and Revenue Agency (2005);
- (iii) promoting (or not be a deterrent to) access to quality care - do not force lower income clients to choose the cheapest care by tying the fee to a percentage of cost of care. A user fee related to a cost of care is especially problematic when there are substantial differences in full fees for same age groups due to difference in individual cost factors and differences in the level of publicly funded reduction of full fees through wage subsidies and other supports such as free rents;
- (iv) capable of being universal – “break even point” can be eliminated by adopting a tax-back rate which achieves the government policy objectives. For example, if the is policy intent is that a two-parent family with one child in care should be paying a full fee (e.g. \$10,000.00) at an income level of \$75,000.00, then families with higher incomes and larger number of children should still receive some subsidy if their costs exceed the \$10,000.00 level;
- (v) easy to model, manipulate and adapt – this is not just an implementation issue; it is clear that, at least in the short term, there will not be sufficient resources available to include all families using licensed childcare. The turning point and tax-back rate can be manipulated over time, as resources increase, to effectively include higher income families in the system; and
- (vi) easy to implement – income testing is by definition much simpler system; to keep it so, it should be unencumbered by any additional rules and calculations affecting families with extra-ordinarily low expenses such as those who live in subsidized housing.

Appendix 5

Public Fee Rates for Full Time Child Care Programs, Toronto, 2005							
Age Group	Average Public Fee				Range		Standard Deviation <sup>15</sup>
	Commercial	Non-profit	Municipal	All sectors	Low	High	
Infant	54.21	54.63	66.00	54.59	39.00	77.25	8.10
Toddler	44.16	46.37	58.00	45.78	29.00	73.00	8.00
Pre-school	35.61	34.11	48.00	34.51	21.99	73.00	6.06
School age	31.04	28.81	30.00	29.06	16.59	41.40	5.42

What constitutes a “public fee”?

- (1) Child care operators structure their public fees in ways that help them to attract and retain customers. It is customary to under-price the infant and toddler spaces and to make up the difference on the older age groups. For example, based on legislated ratios, an infant space should cost approximately 5 times as much as a space for a child 6 years old and older. Centres that serve a limited number of age groups, for example infants and toddlers only, have much less ability to adjust or blend their rates and therefore their rates will be closer to the actual cost.
- (2) Presence or absence of wage grants and subsidies can make a substantial difference to the public fee. In the example discussed below, the presence of a Direct Operating Grant and Pay Equity grants reduces the toddler fee by \$7.59 per day. Not all operators receive or qualify for wage grants therefore creating a difference in public fees.
- (3) Operators who are located in schools also receive an operating grants in the form of free rent and occupancy costs; the value of this grant is in the range of \$2.00 to \$3.00 per space per day depending on the actual size of the facility.
- (4) It is therefore important to acknowledge that rarely the “public fee” accurately reflect the actual cost of service provided.

<sup>15</sup> “Standard Deviation” (SD) is a statistical measure of dispersion of values from the average; in this case, 66 percent of all public fees charged by child care operators can be found within the range defined by the value of the standard deviation. For example, while public infant fees can range from \$39.00 to \$77.25, 66 percent will be in a range of - 1 SD to + 1 SD of the overall average fee of \$54.59 = \$46.49 to \$62.69.

The case of the \$29.00 per day toddler fee:

- (i) A toddler room licensed for 10 spaces.
- (ii) Annual revenue from fees, assuming average enrolment of 9 children for 260 days at \$29.00 per day, is \$67,860.00.
- (iii) The salaries of the 1 ECE, 1 full time Assistant and 1 half-time Assistant total \$60,457.00 before benefits (approximately 10 percent).
- (iv) Almost 1/3 of the salaries are being paid from the government funded wage subsidies and pay equity grants (\$19,803). This in effect frees up a portion of the user revenue to pay the salaries for non-program staff, rent, food, insurance and program expenses.
- (v) The ECE is paid \$28,593.00 per year or \$13.75 per hour; the full time Assistant earns \$21,519 annually, or \$10.35 per hour.
- (vi) Without the wage subsidies, the ECE would be paid only \$8.17 per hour and the Assistant \$7.75.
- (vii) The non-profit child care operator allocates only \$300 for training and development for the whole centre. The annual expenditure on equipment and program supplies is as much as the bill for insurance, just about \$13,000.00 or less than \$200.00 per child.
- (viii) Based on Average non-profit wage of \$19.30 per hour, the staff should make an annual salary of \$37,856 including wage subsidy. And, depending on availability of wage subsidies and other operating grants, the “full fee” would be much closer to the average as well.
- (ix) With all trained staff paid at the average non-profit hourly rate (\$19.13) and without any wage subsidies, the toddler room “full fee” would be approximately \$65.00 per day

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Brenda Patterson, General Manager, Children’s Services and Petr Varmuza, Director, Operational Effectiveness, Children’s Services Division, gave a presentation to the Community Services Committee.

Jane Mercer, Coalition for Better Child Care, addressed the Community Services Committee.