# Piecemeal Solutions Get Piecemeal Results: Addressing wages in regulated child care in Ontario

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Over the past 30 years there have been a number of initiatives in Ontario aimed at increasing wages for the early childhood education and child care (ECEC) workforce working in regulated child care centres and regulated home child care. In this article we will look back at what has been done to improve wages for the ECEC workforce in Ontario and examine how effective these initiatives have been for achieving professional wages. Recent changes to the provincial child care funding formula and the $1 per hour wage increase for some staff working in the regulated child care sector will also be analyzed. A concluding discussion about where we are now and how we might begin to move forward will identify some critical points for addressing the chronic issue of the regulated child care workforce's low wages.

## *The root of the problem*

Decades of Canadian and international research have confirmed that ECEC delivered through a market-based system (as is regulated child care in Ontario), one that depends mostly on user fees to cover the cost of services, cannot provide adequate wages and working conditions for the ECEC workforce. Much of this research has concluded that the ECEC workforce actually subsidizes the true cost of these services through their low wages. As the largest item in the budget, compensation and benefits for the staff in a market- based approach to services is the most obvious item to be limited to keep user fees affordable. What this means is that the struggle to increase wages is compromised by the fact that these demands will inherently result in an increase in fees for families. In other words, it is difficult for ECEs to advocate for increased wages when they know it will make the programs in which they work harder to access for the children and families they serve.

This reality has been acknowledged up to a point by the various government interventions (discussed in more detail below) that provide funding to ECEC programs to supplement the cost of staff wages. While this funding has contributed in some measure to some improvement in compensation for the ECEC workforce, it has failed to get to the root of the problem. Staff wages cannot be tied to parents' ability to pay fees or precarious funding streams in the form of grants and subsidies. Indeed, all the evidence points to the need for a systemic approach to supply side (base or direct) funding for child care programs with a formula that takes into account and provides funds both for adequate wages and affordable parent fees.

## *First steps to improve wages: The DOG, the WEG and the PEG*

The *Direct Operating Grant* was introduced by the Ontario government in 1987 to enable non-profit child care centres to increase salaries and benefits of staff and maintain affordability for parents. Although the Direct Operating Grant was not only for wages, it had to be used first and foremost to bring wages up to a specified level before it could be put toward reducing parent fees. Existing for-profit centres were eligible for half the Direct Operating Grant but no new for-profits were eligible for these funds.

Shortly after this, Canada's first pay equity legislation came into effect (1989) under the (Liberal) Peterson government. The *Wage Enhancement Grant* was introduced in 1991 (by the (NDP) Rae government), first as a 'down payment on pay equity', then to supplement centre funds to assist non-profit child care centres and special needs resource agencies to meet expected pay equity obligations (see more on pay equity below). Finally, the *Provider Enhancement Grant* was introduced in 1992 to be used exclusively for the provision of additional compensation to home child care providers in licensed agencies.

The amount of wage grants service providers received was calculated using a provincial formula that incorporated operating capacity, age groups, hours of operation, months of operation and the number of full-time equivalent (FTE) staff required to meet Day Nurseries Act (DNA) staffing ratios. These wage grants accounted for as much as $6,000 to $9,000 dollars for some full-time staff. The Wage Enhancement Grant was only available to non-profit centres at the time it was established but following its election in 2003 a Liberal government under Dalton McGuinty announced that for-profit programs could access Wage Enhancement Grants.

The advancements made through the DOG/WEG/PEG grants were significant but undependable and short lived. In 1996 the Conservative government under Mike "Common Sense Revolution" Harris initially tried to cut pay equity-linked wage grants (leaving child care programs to manage services without this important funding supplement) but a subsequent Charter Challenge overturned the government's action.

A period of inequity and confusion followed as centres opening or expanding services after 1996 did so without access to these grants for staff. A new grant was added to the mix in 2006 under the McGuinty Government when the "Wage Improvement Grant",

## PAY EQUITY AND THE CHILD CARE SECTOR IN ONTARIO – A TIMELINE

***1988***- Canada's first pay equity legislation came into effect, introduced by the (Liberal) Peterson government.

***1991*** - The provincial NDP government under Bob Rae committed to funding 100% of pay equity for the proxy sector, noting that "pay equity is a right not a luxury".

***1993*** - Bill 102 was passed, legislating proportional and proxy pay equity within the broader non-profit sector .

***1994*** - Proxy and proportional pay equity adjustments become available and these female dominated workplaces began preparing "proxy pay equity plans".

***1995*** - Mike Harris Government capped further pay equity funding and introduced Schedule J to Bill 26 which abolishes the proxy method and eliminates the workplace obligation to provide ongoing adjustments.

***1996*** - A Charter Challenge of Schedule J is filed by Service Employee International Union Local 204 (SEIU) and is won in 1998 to have proportional and proxy pay equity methods reinstated and paid retroactively for 1995 – 1996, 1997 but the Harris Government caps pay equity for all public sector employees including proxy workplaces.

***1998*** -The Pay Equity Commission informs employers that proxy is reinstated and that they must provide 1% of payroll toward pay adjustments until pay equity is reached (workplace plans are met). Employers advise the province that they do not have the funding to meet this obligation. Government informs employers they must find the funds within their existing budget to meet the 1% adjustment. Pay equity adjustments are not paid in 1999, 2000 and 2001.

***2001*** – A Charter Challenge is filed by CUPE ON, OPSEU, SEIU, USWA and 4 female applicants. Applicants ask the Court to order the government to provide funds needed for employers to meet their pay equity obligations.

***2003***- The Charter Challenge is settled resulting in payments of $414 million to 100,000 women over three years.

***2006***- The proxy funding under the 2003 settlement ends and the province fails to continue to flow funding for employers in the non-profit sector to meet ongoing pay equity adjustments, telling them it was the cost of "doing business".

a onetime-only Best Start funding grant was flowed to child care centres (both those receiving the WEG and those that weren't) to cover salary costs for new spaces created as part of Best Start[1].

Fast forward to 2015. The province has introduced a new funding formula and more flexibility for municipal child care service managers as part of their 'modernization' of the regulated child care sector. The new funding flexibility has eliminated dedicated funding streams including those for Wage Enhancement Grants. Funding to support wages is now part of the General Operating Expense category. The 2015 funding guidelines[2] state that General Operating Expense "may be used for ongoing costs, including: staff wages and benefits, lease and occupancy costs, utilities, administration, transportation for children, resources, nutrition, supplies, and maintenance".

It is not yet clear what this will mean for the 'old' Wage Enhancement Grant but it does open the door for new variations in how much public funding is allocated to subsidizing wages, the criteria and process for distributing that funding within municipalities, or even assuring public accountability. Consistent with the 'old' Wage Enhancement Grant, the new funding guidelines state that a "priority focus should be placed on non-profit operators" for General Operating Expense funding.

### *Pay equity: A key piece in the struggle for better wages in regulated child care*

Pay equity, both in legislation and in principle can play a critical role in addressing low wages in the regulated child care sector. In 1988 the *Pay Equity Act* came into effect. The *Pay Equity Act* was enacted in order to redress systemic sex-based wage discrimination in Ontario workplaces and applied to all public sector employers and all private sector employers with more than ten employees, to all employees of these employers, and to their bargaining agents[3].

As an underpaid, female dominated workforce, the ECEC workforce was initially excluded from Pay Equity because there were no male comparators in the workplace (child care centres). The standard "job-to-job" comparison method set out in the Act failed to address low wages in female-dominated workplaces like child care. The *Act* directed government to develop a comparison method for female dominated workplaces like child care. In 1989 the Pay Equity Commission recommended two new comparison methods:



1 Best Start was a long-term ECEC strategy implemented by the Liberal government under Dalton McGuinty beginning after the 2003 election. The plan included a significant expansion of regulated child care spaces but was cut short by the Harper government's cancellation of the federal-provincial bilateral ELCC programs in 2006. For more information see http://www.childcarecanada.org/sites/default/files/Ontario.pdf

2 Ontario Child Care Service Management and Funding Guidelines, http://faab.edu.gov.on.ca/Memos/CC2015/EYCC2_EN_Attach_Ontario%20Child%20Care%20Funding% 20Guideline%202015.pdf

3 http://www.equalpaycoalition.org/about-pay-equity/how-pay-equity-works/

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***Proportional*** – where there are a small number of male job classes in the workplace, value can be assigned to the work performed by those classes, allowing women to identify the appropriate wage rate they should receive for the work they do.

***Proxy*** – in workplaces with few or no male job classes, similar larger workplaces nearby are used as "proxy" comparators because that workplace has identified the wage gap between men and women using the job-to-job method. For example an ECE employed in a municipal child care centre is the comparator for an ECE working in a community non-profit child care centre.

Recognizing the particular financial challenges for the proxy sector, the provincial government committed to funding 100% of pay equity for the proxy sector in 1991, noting that "pay equity is a right not a luxury". In 1993, Bill 102 was passed, legislating proportional and proxy pay equity within the broader non-profit sector and in 1994 proxy and proportional pay equity adjustments become available and these female dominated- workplaces began preparing "proxy pay equity plans".

The reality is that for many in the proxy sector the gap between them and their comparators has grown significantly. As described on the Equal Pay Coalition website[4], "unlike public sector employers using the job-to-job or proportional value comparison methods, there is no end date by which pay equity must be achieved under the proxy method."

Furthermore, it is now clear that pay equity obligations and plans are not being monitored and enforced. Equal pay laws which relied on the most vulnerable members of the workforce to complain did not result in any significant progress in reducing the wage gap. According to the Equal Pay Coalition, there is widespread non-compliance with the Act and historic under-funding of the Equal Pay Commission has severely limited progress on enforcing pay equity legislation.

On a positive note and thanks to the advocacy of the Equal Pay Coalition, the current government has committed to developing a wage gap strategy and closing the gender wage gap in Ontario. The question now is, how is the ECEC workforce, and other female dominated sectors still struggling for equitable compensation going to be considered in this strategy?

Under the new funding guidelines, pay equity funding is being flowed through Core Service funding and the 2015 guidelines note that, "the integration of the pay equity expense under the core services delivery allocation does not relieve CMSMs and DSSABs or child care operators from their obligations to comply with the Pay Equity Memorandum of Settlement under the *Ministry of Community and Social Services Act. Wage enhancement funding may not be used to replace Pay Equity Memorandum of Settlement Obligations*".

## *More of the same? The NEW Wage Enhancement Grant*

While the province has ostensibly "modernized" the funding formula to make administration and reporting easier, including giving municipalities more flexibility through the General Operating Expense category, a new Wage Enhancement Grant has been introduced that will provide $1 per hour per eligible staff. This grant will be made available to registered ECE's, program staff, supervisors, and home child care visitors in the licensed child care sector earning below $26.27 per hour. An equivalent daily rate and cap is also applied to licensed home child care providers. The government's stated objective is to help with recruitment and retention in the community based sector by bringing wage rates paid to RECEs up to those paid in full-day kindergarten in the public school sector.

The new wage enhancement is an 'entitlement initiative' and according to the 2015 funding guidelines it "must be provided to all qualifying positions based on actual hours/days worked in 2014, regardless of their operator's auspice, participation in municipal quality initiatives, or current purchase of service status with their local CMSM or DSSAB". This enhancement will be 100% funded by the provincial government and cannot be used for any other operating or general expenses.

There are no enforcement mechanisms associated with this grant. Employers can choose not to apply for the grant and it will not be rolled into base salary rates. It will also only be available to employees employed at the time the employer applied for the grant. An additional $1 dollar per hour grant will be made available in 2016, and employers will need to reapply annually for the wage grant allocation. On the surface a $1 an hour raise is nothing to sneeze at, but for the most part, this stand-alone grant is confusing at best, and resembles the precarity of past wage enhancement grants.

The grant is also flawed with inherent inequities, particularly with such a wide range of wages within regions and across the province; $1 (eventually to become $2) looks very different depending on context. A large section of the workforce who have already dedicated many years and are therefore at the top end of their employers' compensation packages, and those employers who have struggled to find a way to compensate their staff properly are also excluded from the funding. And what about training? Shouldn't these funds be used to recognize qualified staff who are registered and held accountable by the College of ECEs if the objective is to recruit and retain them? Is this training of no value to the sector, or to ECEs themselves? Many other questions around the rationale, effectiveness and fairness of this new grant remain.

4 http://www.equalpaycoalition.org/about-pay-equity/how-pay-equity-works/

## *Piecemeal solutions get piecemeal results*

Looking back and analyzing where we are now, it is evident that past and current initiatives to address wages in the regulated child care sector have provided piecemeal and temporary solutions to a systemic problem. Unfortunately we are left struggling with the same issues that have plagued the field for far too long and have yet to see the systemic transformation that will actually address the root of the problem.

The latest data from the 2013 *You Bet We Still Care!* report actually showed a 2.7% decrease in wages between 1998 and 2012 (after adjusting for inflation) for ECEs and other staff working in regulated child care centres in Ontario[5]. YBWSC also identified on-going issues with recruitment and retention with wages being a primary reason for dissatisfaction with the work. At the same time, child care fees continue to be unaffordable for most families and issues with quality remain.

The government has recognized the persistence of this issue with the recent $1 Wage Enhancement Grant. The establishment of the grant itself explicitly acknowledges that there is an on-going issue that requires public policy and funding. While the child care sector is always receptive to wage increases, the latest $1 per hour Wage Enhancement Grant seems to be another stopgap measure in dealing with low wages and high parent fees. Opening up a new and separate funding envelope exactly when the others are being consolidated is a contradiction that is hard to ignore! The stated objective of the new funding formula is to simplify administration and reporting, yet the $1 Wage Enhancement Grant has laid on a separate funding stream with reporting requirements.

Furthermore, there has been no indication of how this new grant will be evaluated (or if it will be) or how it ties in to a longer term strategy. If the purpose is to recruit and retain qualified staff in the community based child care sector, how will the government monitor the effectiveness of this grant in meeting its stated objectives? What are the other issues effecting recruitment and retention that need to be addressed simultaneously?

The piecemeal, stopgap measures used over the decades will not get us to where we need to be. In fact, things often seem to be getting worse. Building a truly comprehensive system of regulated child care with a professional workforce requires focused policy, a systemic approach and governments to commit substantial and sustained funding. To date this has not happened and it shows.

## *Moving forward*

We have to continue to push for solutions to provide fair and consistent wages to ECEs and staff working in regulated child care. ECEs are skilled professionals with specialized knowledge and incredible responsibility. Research and data tell us that wages and working conditions are directly linked to quality in ECEC programs and continue to be a key factor contributing to staff turnover and job dissatisfaction in the field.

We need to work with the child care community to pressure the government to develop a long-term plan for regulated child care that includes a comprehensive plan for the workforce. This should include affordable fees and regional salary grids that recognize qualified staff and other levers to enhance quality. A salary grid along with base funding for child care will equitably raise the salaries, working conditions and morale of all early childhood educators and child care workers. A standardized wage rate in the child care sector will ensure staff with equivalent education and work responsibilities are paid a similar rate of pay no matter where they work. These initiatives would further contribute to higher stability and more consistent quality across programs.

Pay equity legislation has the potential to provide a legally binding incentive to address wages for the ECEC workforce. Keeping in mind that the reality is that as part of the proxy sector, child care can only achieve pay equity with adequate levels of public funding, concrete deadlines and monitored implementation plans. Part of our work around this issue must position the ECEC workforce as a key sector to be addressed through any government strategies to identify and close the gender wage gap. We need to reach out to the groups already doing this work and work together.

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## *How can you get involved?*

The AECEO's *Professional Pay for Professional Work* campaign is part of the solution. Through the campaign we can raise awareness about the issue, bring people together to find solutions and build a network to advocate for change. The development of materials to support this discussion and pressure the government to finally address the root of this issue is also a priority for this campaign.

We encourage AECEO members and allies to get involved with the Professional Pay for Professional Work campaign. We need to work with ECEs, supervisors, operators and parents. The first thing you can do is go to our website and sign the campaign petition. By signing and recruiting others to sign we can build our network to share information and mobilize around key opportunities to advocate.

The next step is engaging in dialogue around this issue in your local community. Use this article as a conversation starter or plan an event. The AECEO will support these initiatives any way we can. Make sure to look out for campaign events and informational panels and meetings happening in your community over the next several months.

For more information please visit us at www.aeceo.ca

5 http://www.ccsc-cssge.ca/sites/default/files/uploads/Projects-Pubs-Docs/EN%20Pub%20Chart /YouBet SurveyReport_Final.pdf

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# Campaign Overview

*The overarching goal of the campaign is to address the long-standing issue of low and inequitable compensation for early childhood educators in Ontario. This campaign calls on the government to fund professional pay for ALL ECEs in Ontario regardless of where they work. Professional pay should reflect ECEs' specialized training, the value of their work and their participation in continuous professional learning. No ECE should have to work for less than a professional wage and all ECEs should be recognized for their professional qualifications and practice.*

### *How will we achieve our goal?*

- **Develop campaign materials** to build support and generate awareness on the key issues
- **Collect the stories of ECEs** to highlight the profession and the impact of low compensation on individuals and the programs that they work in
- **Develop background materials** that explore and explain the issue of professional pay and professional work for ECEs to inform campaign participants and the general public
- **Engage with the ECE and broader early childhood education and care community** on how we should best resolve this issue
- **Continue to lobby the government** to develop a comprehensive workforce strategy for ECEs and **continue to advocate for increased government funding** for programs and services where ECEs work that will support improved pay and working conditions for ECEs

### PROFESSIONAL PAY FOR PROFESSIONAL WORK VIDEO AND ONLINE PETITION RELEASED

We were very excited to launch our first short video supporting the Professional Pay for Professional Work campaign. We are grateful to the three RECEs who contributed their voices and experiences to the video. A supporting petition was released concurrently with a 10,000 signature goal. If you haven't had a chance to watch the video or sign the petition they can be found on our website under the Advocacy for ECEs tab.

**For more information and to join the campaign visit www.aeceo.ca**