

Implementing the \$1 wage enhancement:

Challenges, Solutions and Opportunities



Kim Hiscott RECE

The Liberal promise to increase the hourly wage for those working directly with children in licensed child care (and earning less than \$26.27 an hour) by \$1.00 an hour in 2015 and a second \$1.00 an hour in 2016 was a welcome announcement last year.

When you consider the responsibilities and influence Early Childhood Educators have for providing high quality care for Ontario's children and families, salaries for our sector have not reflected the importance of the role. Programs have always been sensitive to the balance between what parents can actually afford and the cost of high-quality child care, including good wages and working conditions for staff. How telling that this new wage funding came through as part of Ontario's 10-year economic plan to create conditions to help lift people out of poverty.

The wage grant also includes self-employed Providers affiliated with licensed Home Child Care (HCC) agencies, providing up to \$10.00 a day if the Provider is caring for 2 children through the agency; acknowledgment of the value and importance of licensed Home Child Care as part of our early learning system.

First, I must acknowledge that the funding is welcomed and appreciated! It will assist, as intended, in closing the wage gap between ECEs working in full-day kindergarten programs and those in licensed child care and will possibly assist in motivating Providers to provide Home Child Care within the licensed system. Increasing salaries is one component that will support the sector in recruiting and retaining qualified staff. But we also have to pay attention to the impact of the implementation parameters for this funding. The application process and distribution expectations, based on the information we have now, is complicated and somewhat problematic for operators which in turn may result in employers not accessing the funding and increasing the wage gap even more.

Shortly after the funding was announced I put pen to paper and wrote to Ministry staff to share my thoughts regarding the distribution of this funding, including my hope that only non-profit agencies will be eligible for this public funding – or that there would be criteria expecting as a minimum that an agency would be allocating a significant portion of their budget (e.g. 80%) on staff compensation. I had also hoped that programs who were already paying the grant cap amount of \$26.27 per hour, typically due to a significant efforts to meet their pay-equity plans by reducing allocations available for other expenses, would not be unfairly penalized. My recommendation was that these programs would be able to determine how to best utilize this funding for their agency, perhaps based on a few options, e.g. reduce pressure on other costs, reduce parent fees, or forgo a fee increase.

I understand that in an effort to distribute the funding quickly there was little opportunity to influence the implementation for 2015 – but perhaps by identifying decisions agencies have made for this year and what we would like to see for next year, future changes can still occur.

I had assumed that the funding would be allocated based on licensed capacity to determine the number of eligible positions in licensed group programs and number of self-employed Home Child Care Providers affiliated with a licensed agency – this would respect that there may be numerous changes throughout a calendar year. If there were individuals in the positions that were earning the maximum \$26.27 then the funding would be returned.

It is these types of situations that I am concerned about:

In January 2015 Saida was employed as an RECE, with over 10 years of experience she is making \$26.27 an hour and is therefore ineligible for the funding. In July Saida leaves the agency and the individual hired to replace her, Peter, is offered level one - \$21.00 an hour (level one of the salary scale in 2014 for the agency was actually \$20.00 an hour but was increased to \$21.00 in 2015 via the wage grant). However, as the agency is not receiving the \$1.00 an hour for the position that Peter is occupying it has to decide if it is going to pay him \$20.00 an hour for the remainder of the year (less than his colleagues at level one) or if it will bear the increased expense itself. To complicate matters further – another staff at the agency, who was at level 1 (their position was eligible for the

\$1.00 an hour) leaves, and is replaced by someone also at level 1 – do they get the \$21.00 an hour since there is funding for that position? But what do they do about Peter?

Funding based on expected capacity, with an annual reconciliation also respects that for licensed Home Child Care agencies there are natural ebbs and flows – so while our total number of self-employed Providers changes little throughout the year, there may be different individuals providing care. This would be an important adjustment for next year so that HCC can continue to recruit Providers and provide them with the \$10.00 a day subsidy for each day they provide care, regardless of when they joined the licensed agency. Without this option Providers, who join a licensed agency in January for example, will not receive the \$10.00 a day grant until the following year. This will not be supportive of our recruitment efforts to provide more care within the licensed system.

As an agency we were significantly concerned about the limits placed on the \$1.00 an hour grant in terms of vacation, allowable benefits, number of statutory holidays and time away for sick leave for eligible staff in our group programs. We were challenged with the concept of not paying the \$1.00 an hour when a staff was off sick – both from a financial impact on the individual and how to manage that efficiently through payroll.

We resolved this, in agreement with CUPE, by using the 2015 cost-of-living increase planned in our budget for the positions eligible for the funding, to continue the \$1.00 an hour for the hours not covered by the wage funding and the difference between the funded amount for benefits and our actual benefit costs. Overall this was a better approach for staff, since the actual compensation amount will be similar (cost of living + \$1.00 an hour except for ineligible hours versus no cost of living but \$1.00 an hour for each hour worked) and they will have a consistent hourly rate even when they are using allowable holiday or sick time. Administratively maintaining the same hourly rate is also much easier for us to manage through our payroll system. I hope that for next year eligible time away can be re-visited.

For Home Child Care, only homes opened as of October 31, 2014 are eligible for the funding in 2015 – this means that if we opened a new Provider in February 2015, they must wait until January 2016 to receive the \$10.00 a day supplement. We do not have the means, unfortunately, to address this significant gap but the Ministry has been alerted and I hope eligibility adjustments will be made going forward.

Another significant concern is the impact of administering this funding, with its complicated application process and requirements and no compensation for increased administration. The increased cost of managing this funding has to be recognized and addressed. There are costs associated with administration, and given the limited financial margins that non-profit agencies work within any increase in non-compensated administrative costs has an impact. It is possible that the administration expectations are so burdensome that some agencies have chosen not to apply for the funding. It will be interesting to hear from the Province how many agencies did not apply and their reasons.

So while this funding is positive and welcome, the distribution of it can be improved and I hope changes can be made for next year.

Finally we cannot forget about all of the other roles that Early Childhood Educators have in our sector, that were not included in this funding and other non-ECE roles that support the sector. As we modernize we must maintain awareness of all of the roles important to providing a quality, early learning experience for children and their families.

AECEO members' speak out

Summary of feedback received on the wage grants

The grant:

- should be mandatory - ECEs whose employers don't apply are left out in the cold
- should be available to offset existing wages for employers who have raised parent fees or found other cost savings in order to pay staff good wages
- should apply to under-paid ECEs working in other settings such as Family Resource Centres
- should have a mechanism for ensuring that the increase is not used to cover the employer's pre-existing wage agreements, but does in fact represent an actual \$1.00 increase from the existing wage schedule
- should apply to resource consultants/resource support staff
- should apply to all paid hours

The AECEO is preparing a letter to the Ministry of Education based on members' input - please keep your comments coming as the payment phase of the grant is implemented. This will help inform our response to the government.

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