

Child Care Modernization Feedback

Approaches for Funding and Quality

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INTRODUCTION

The provincial discussion document *Modernizing Child Care* presents five topic areas for comment as separate, isolated entities. The presented directions seem to suggest that activities in any of the topic areas could be implemented on their own without a substantive impact on the rest.

In contrast, our approach in this submission is centered on the core assumption that any substantial transformation (or modernization, if you will) in any one area of child care is not possible without a comprehensive Ontario child care policy framework. An Ontario child care policy framework is particularly needed to strengthen the areas of funding and quality in child care services.

The funding discussion in *Modernizing Child Care*, is focused on how to allocate and deliver child care funding to the service system managers; however, it does not address how CMSMs/DSSABs manage the funding envelope or, equally important, how individual child care operations are funded. It is important that any discussion of provincial funding allocations be placed within a strong policy framework accompanied by clear implementation and accountability guidelines if the provincial child care modernization strategy is to achieve the expectations of licensed child care system re-engineering described in *With Our Best Future in Mind*.

We support the considerable attention that is being given to the development of formulae for allocations of funding at the provincial level; however, clarity with respect to the purpose of public funding for child care must be established first. At the very least, we recommend that Ontario's child care funding regime should aspire to:

- Make equitable levels of service across the various regions of Ontario.
- Make equitable levels of access for all children, including children with special needs.
- Improve affordability of child care for all types of families, including those paying "full fee."
- Elevate and sustain provincially defined standards for quality of child care.

MODERNIZATION REQUIRES NEW INVESTMENTS

Re-allocating unspent funds between system managers will not resolve the long waiting lists in Toronto and the lengthening waitlists in other municipalities. Despite our short-term fiscal constraints in Ontario, it is also crucial that the provincial government recognizes that further investments are required if the child care system is to play an improved role in supporting the health, well-being, social and economic experiences of children, families and communities.

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The process of re-allocating existing funds stifles much needed progress in the child care delivery system, diminishing the potential of the new model of a child care system in Ontario to simply being a perpetuation of status quo. Shifting existing funding inevitably increases costs for some parents, while reducing them for others. Child care modernization demands a re-engineering of funding at its foundation, with re-allocation *and* new investments as a two-fold commitment to meeting the aspirations of child care system change. Our concerns are related the following:

- Growth in the supply of licensed spaces without a corresponding increase in funding is premature. Dilution in funding at this stage of system development will diminish quality levels and interfere with the hoped for changes to the system of child care.
- Inflationary cost increases need to be offset by comparable funding increases.
- Strategies for allocating funding that is intended to increase program quality requires a multi-tiered approach, given that child care quality is complex. Child care program quality is related to sector training, staffing considerations, professional development, curricula, supervisor leadership capacity, and more. Additional, **new** funding is also needed for municipalities to be able to support system-wide quality (this funding would need to be provided in addition to program-level allocations for quality).
- With the exception of Toronto, few service system managers have incorporated rigorously developed, validated, objective tools or mechanisms for understanding child care quality levels in their communities. Therefore the capacity of local decision making that is based on locally generated objective information regarding needed supports for quality is limited.
- Early Childhood Educator compensation has not been adequately addressed. ECE compensation lags behind industrial wages and only in rare cases has legislated pay equity been achieved. Without making the changes needed to ECE compensation, child care staff will continue to provide a high degree of unpaid, volunteer labour which perpetuates high rates of staff turnover and, in many cases, direct exit from the field.
- Any funding system must include an ECE training and retention strategy. Many ECE graduates never enter into employment in the field or leave soon after – thus wasting the public funding allocated to their training. Without a comprehensive policy framework, the introduction of ECE related BAA degrees at Community Colleges will only exacerbate this trend.

DEVELOPING THE FUNDING MODEL

The funding model for child care must be based on the principle of supply management. This means that services are planned and licensed in accordance with a province-wide policy and service management framework. Issuance of new licenses should be tied to local service plans and either managed directly or approved by CMSMs/DSSABs. Child care programs that are not connected to this system – in other words, are not meeting the objectives of the policy framework would not participate in this mechanism of public funding. In practical terms this means that there must be a strategic approach to creating new licensed capacity in areas that are below a provincial standard; and, conversely, this also means that there must be a process for refusal to issue new licenses for spaces in areas where the introduction of additional spaces would jeopardize the stability of the existing system.

Our recommendations for an effective funding model include:

1. Establish an **equity of access to child care standard for all children in Ontario**. The formula for equity of access to child care would be based on the child population in each service planning area and the spaces that would need to be available to meet a proportional standard. For example, a 2015 target for equitable access to licensed child care might reasonably be 20% (i.e., the available spaces would represent 20% of the child population) with a target rate of spaces increasing by 5% every year following.
2. Establish an **equity of access standard for children eligible for subsidized care**. This would be based on the child population by age and the service planning area-specific LICO rates * (multiplied by) the number of targeted licensed spaces.
3. Determine an **equitable wage for ECE** staff based on a regionally established industrial wage ratio, pay equity standard and/or region specific cost of living formula. This step is necessary in the development of a base funding formula for child care operators.
4. Base funding allocations to CMSMs/DSSABs need to include sufficient provision for supporting children with special needs, quality improvement and service system management (which includes subsidy administration, quality monitoring and service planning, provincial and public accountability).
5. Funding level = (base funding per space * number of licensed spaces) + ((actual cost per space - base funding per space) * number of subsidized spaces).

SERVICE SYSTEM MANAGEMENT

Base funding of CMSMs/DSSABs does not imply lack of accountability; it requires a strong provincial policy framework and negotiated service plans and contracts. It also implies that CMSMs and DSSABs demonstrate a high level of competence that includes their proven capacity to plan and manage public resources. A graduated implementation of the funding reform may be required in this modernization process. Waiting until all CMSMs/DSSABs are capable of fulfilling their responsibilities under the new funding regime will lead to unnecessary delays and a failure to fulfill the potential of the funding reform.

Once individual CMSMs demonstrate their competence in managing a base funded allocation from the provinces, they should be allowed to move into base funding of individual child care programs. While base funding of

individual programs will provide them with a significant level of stability, it will remain the service managers' responsibility to ensure that programs are configured and operating efficiently, and are meeting provincially mandated levels of program quality.

Any meaningful reform of the existing funding regime clearly implies understanding of actual costs of child care programs, factors responsible for variation in these costs and clear understanding of the financial impacts of any new initiatives. It also implies province-wide deployment of a reliable, validated program quality evaluation tool.

Supporting Quality through Funding

TAKE THE MARKET OUT OF THE QUALITY EQUATION

Child care modernization holds great potential for diminishing the deleterious impact of the market on the quality of children's early childhood education and care. All three of the *Early Years Reports* and Pascal's *With Our Best Future in Mind* make practical recommendations for moving early childhood education and care out of the tenuous frontier of the market, into a more stable delivery system within the public frontier. Ultimately, this is the surest way to address the social stratification of the child care market that we see in Ontario – which currently results in the “best” child care services and the highest proportion of available spaces delivered in areas where families have the highest incomes. We confidently endorse the Moss and Bennett² premise that early childhood education and care be viewed a public entitlement, and access to early childhood education and care be recognized as a public good by extending the values and principles of public education systems to all early childhood education and care services; yet, we also recognize that the magnitude of this change does not fit within the 3 year time frame proposed by the government in the *Modernizing Child Care* document. We do suggest, however, that there are approaches that can be adopted within the present market model of child care that borrow from a public service delivery model, while allowing for public opinion and educational bureaucracy to take the time needed to shift their thinking.

The approach would require:

- (The already mentioned strategy of) Supply rather than demand-based funding allocations.
- The supply of child care spaces that receive any form of public funding is managed through service planning by the municipality. This necessitates local control of new licenses for programs, and demands that service system managers prioritize the development of new spaces in underserved areas.
- A practical funding approach given current fiscal limitations could involve direct funding of fixed costs as a first step to full base funding. Stabilizing child care using this approach is preferable to relaxing quality or licensing rules. The most vulnerable programs to system instability tend to be in harder-to-serve areas where the population base is low; ample base funding can help to offset

² Moss, P. & Bennett, J. (2006). Toward a new pedagogical meeting place? Bringing early childhood into the education system. [Briefing paper for a Nuffield Educational Seminar](#).

losses resulting from a consistently or seasonally low population base thereby allowing efforts to improve viability **and** child care quality to gain traction.

- In the existing market-based system the majority of middle class families find it difficult to access high quality child care programs. Although research shows³ that generally, markets with large child populations deliver higher quality care - this is usually accompanied by competition for limited spaces that only serves to push the prices of child care up without necessarily increasing the quality of care. Conversely when, for reasons of the economy or the size of market in small urban and rural areas, the demand for spaces decreases, child care quality suffers because child care operators have to compete on prices charged to the public.
- The existing income testing system already features several levers for increasing affordability of child care. With the existing system it is possible to set the point at which families begin to contribute to the cost of care and the point at which the net income is “taxed.” As such, the government already has a suitable mechanism available that, with a few modifications, would support a proportion of the system to be funded by user fees while at the same time allowing for the establishment of a maximum percentage of net income that any family would be required to contribute toward the cost of care; the remaining proportion of the system’s costs will be offset through child care subsidy.
- Introduction of base funding for individual child care programs would greatly improve affordability for many families currently paying full fees and at the same time reduce the per-space cost of child care subsidies: only costs that are not directly base-funded would have to be subsidized. Until such time as the child care system fully embraces supply management, the base funding formula can be adjusted to enhance and protect quality in small urban and rural markets.

QUALITY ASSURANCE

A province-wide tool for evaluation of quality is needed. Until such time when early childhood education and care is fully integrated with education (and thus education *infrastructure* that supports school teachers’ sector training, school curricula, etc, is extended to early childhood education and care) we will continue to have a need for external mechanisms for quality oversight of the independently operated programs that are charged with the task of delivering early childhood education and care services. A province-wide tool for evaluating quality would need:

- To be reliable, valid, and developed based on the most current research; with the capacity for change to the measure as new research evidence in early childhood development and care research emerges. Processes of self-regulation and self-report are not reliable approaches to effective, objective program evaluation.

³ Cleveland, G. & Krashinsky, M. (July 25, 2005). *The Nonprofit Advantage: Producing Quality in Thick and Thin Child Care Markets*. Cleveland, G., Forer, B., Hyatt, D., Japel, C., & Krashinsky, M. (2007). *An Economic Perspective on the Current and Future Role of Nonprofit provision of Early Learning and Child Care Services in Canada: Final Project Report*.

- To provide information regarding how sector-wide training, professional development and funding can be specifically applied in order to address the areas identified as needing improvement – at the program and the system levels.
- To include a strategy for public reporting – not for the purpose of placing the responsibility of choosing quality on parents; but to enhance operator motivation to deliver high quality programming.
- To be supported by a corps of well qualified program evaluation staff with expertise and advanced university degrees with qualifications in early childhood education.⁴

SUPPORTING QUALITY

ENVIRONMENT

Appropriate space is essential to program quality; how we view children is reflected in the space provided for them.⁵ In many jurisdictions across Ontario, space in the schools is not readily available. However, locating child care programs in school and church basements, industrial malls and other-purposed facilities not only presents potential health and safety hazards for children and employees, it also makes it difficult to deliver high quality programs. Dedicated early childhood education and care space is an important component of the child care modernization process. Space issues for child care programs located in schools will not be resolved just by setting aside a room or two for child care; instead, the child care program has to be viewed as an essential component of community schools and be fully integrated into the overall space planning process. This, by necessity, is likely to lead to changes in school boundaries or ages served when no space exists to expand the existing facilities – overall, this is a reasonable compromise when viewed alongside the benefits that the integration of early childhood education and education will bring.

Considerations given to outdoor programming space should also be high: Often, the first casualty resulting from locating in inappropriate space is the outdoor programming. Current practices in Ontario neglect the potential richness of outdoor curricula that are emphasized in (often, much colder) nations where approaches to early childhood education are built on an inherent view that children have a right to healthy environments that support their play and learning. Appropriate space for early childhood education staff also needs to be emphasized in the modernization process as spaces for staff rooms, meeting spaces and indoor gross motor activities are often sacrificed to maximize operating capacity.

⁴ OECD (2006). [Starting Strong II: Early Childhood Education and Care](#). Paris, France: OECD, Page 16.

⁵ Brooker, L. & Woodhead, M. (2012). [Healthy Environments: Early Childhood Education in Focus 8](#). Milton Keynes, UK: The Open University.

STAFFING

Traditional wisdom identifies three major components of a quality program: staff- child ratios, staff educational qualifications and group size. Recent research findings identify the need for ongoing training of all staff, including staff with formal ECE credentials and those without. Ontario is lagging behind other jurisdictions by not enforcing a minimum level of post-secondary training for staff without ECE qualifications. Ideally, prior to, or at least immediately after, commencement of employment in child care, staff without ECE qualifications should be required to participate in training to support them in meeting the challenging demands of working in early childhood education.

With the introduction of full day kindergarten, and the viability pressures on child care programs, a proposed solution is to address child staff ratios for younger children. Admittedly, from an operations point of view, it does not necessarily make sense to have three separate age groups for infants, toddlers and three year old pre-schoolers. Yet there is little evidence that would suggest that all the children under the age of four can be suitably accommodated within one mass group. More research evidence is required prior to engaging in such operationally motivated solutions as grouping 3 infants, 5 toddlers and 8 preschoolers in one classroom. To date, the evidence suggests that such groupings are potentially problematic for children. While it is considered acceptable practice to place children approaching 18 months in toddler programs; the motivation for such practice is more connected to an insufficient supply of licensed infant child care spaces – than it is connected to children’s developmental and pedagogical needs at that age. At the very least, the proposition that the three age groups (infant, toddler, preschool) be collapsed into two age groups (i.e., 0-24 months and 2 – 3 years) demands careful consideration to ensure that existing ratios for the youngest children in particular are not compromised.

Advocacy calling for variable ratios that could be automatically adjusted as the proportions of younger infants change is somewhat misleading as an effective alternative given that, in practice, this would be very hard to operationally implement and enforce. Not to mention, such variability could sabotage efforts to improve access to infant spaces, particularly if operators are motivated by the possibility of offering more toddler spaces with fewer resource considerations.

With respect to supporting quality through staffing, we recommend:

- All permanent child care staff participate in annual training of at least 30hrs; the training must be systematic and reflect the aggregated results of annual quality assessments.
- All staff working with infants and toddlers have ECE qualifications.
- Ratios in joint infant toddler programs reflect the age composition of the youngest enrolled children and never exceed ratio of 1 staff to 4 children.
- Where regulation permits group sizes that are in excess of two times the ratio (e.g. 24 children in a preschool room), the majority of staff be ECE qualified.

COMPENSATION AND BENEFITS

Equitable compensation for ECEs is crucial to the transformation of the existing child care system. Developing a high quality public service that meets the needs of children, families and communities, yet does not also involve eliminating the potential for unscrupulous child care operators to exploit early childhood educators through poor

wages, is both ethically and operationally problematic. Given the impact of teaching staff wages on the overall costs of a child care program there is significant incentive for operators, profit **and** non-profit, to keep staff salaries at the minimum level that market will support.

In addition, most ECEs have no access to employer sponsored pension plans and other benefits. The notoriously low wages and few benefits experienced by workers in the child care sector lead to high rates of staff turnover, and high rates of attrition from the ECE field completely. Ultimately, this results in high levels of economic waste for individuals and for society. Staff turnover and the consequent inexperienced ECE workforce are well documented root causes of lower quality child care.

We propose that the provincial government:

- Establish a portable province-wide retirement plan through the Ontario College of ECEs that is jointly funded by ECEs and employers. Also needed is a portable province-wide basic health benefits plan for ECEs working in situations where no other health plan exists. An essential component of such plans is their portability between employers.
- Develop a province-wide salary scale for ECEs that is adjustable to reflect differences in the cost of living across Ontario.

PEDAGOGY

Effective early childhood education demands practitioners who understand that children’s learning involves far more than “a check-list” knowledge of childhood development. Well trained educators are able to develop curriculum from a process that includes observation, analysis, and reflection; and that depends on confidence in their own abilities, as well as confidence in the capacities of children. An early childhood education framework at the provincial level should focus on “supporting children’s learning dispositions and attitudes to learning.”⁶ Such high expectations for early childhood education practitioners imply that there is a concurrent process of modernization of the ECE training curriculum at Community Colleges. In addition, the expected qualifications for child care program supervisors should better reflect their role as education leaders and program managers, and therefore be raised to a required BA or higher in an early childhood education related field, along with management qualifications. In other jurisdictions, implementing expectations for supervisor qualifications involved a limited-time grandfathering process.

QUALITY AND HOME CHILD CARE

By anchoring licensed home child care to centre-based child care and Best Start Child and Family Centres – as proposed by Pascal in *With Our Best Future in Mind*, the profile of licensed home child care as an early childhood education and care service could be strengthened. Such an approach will also facilitate quality assurance processes for licensed home child care that, while the criteria may need to be differentiated based on contextual factors associated with home child care provision, should be equally rigorous and hold licensed home child care to the same high **level** of standards as centre-based child care. Despite the cohort of research literature connected to licensed home child care being much smaller than the cohort of research literature connected to centre-based

⁶ OECD (2006). [Starting Strong II: Early Childhood Education and Care](#). Paris, France: OECD.

child care; the processes for child care modernization related to home child care need to also be evidence-based. The research evidence shows that home child care providers who stay in the field have higher levels of commitment and intentionality in their role of supporting children and families than do early childhood educators in centre-based child care – and these provider characteristics are associated with higher quality care environments; however, the research also shows that as a group, home child care providers are predominantly untrained in early childhood education.⁷ A preliminary strategy to strengthen home child care quality, and to improve its profile as an early childhood education and care service would require:

- A widened scope of home inspection by non-home child care agency personnel that includes program quality evaluation.
- Mandatory annual training for home child care providers, particularly for those without ECE qualifications. The composition of the training should include health, safety, child development and early childhood education.
- Formalized networking and staff-based professional development connections with centre-based child care (Best Start Child and Family Centres). Organized, regularly scheduled, joint playgroup activities that involve child care centre children and home child care children would facilitate knowledge transfer between home and centre-based child care practitioners, and provide supplementary opportunities for screening and early identification.

IN CLOSING

Modernizing child care in Ontario is a monumental and long overdue task. It requires full engagement, strong commitment, and additional resources from the provincial government and its partners. As we have seen with the introduction of Full Day Kindergarten, any transformation process is fraught with the danger of losing direction, which threatens an even greater loss of potential benefits to children, families and communities. We conclude this paper with a restated call for a clear provincial child care policy framework. Now is the time for public discussions, before irreversible and potentially harmful directions are taken.

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September 24, 2012

⁷ Doherty, G., Forer, B., Lero, D.S., Goelman, H. & LaGrange, A. (2006). Predictors of quality in family child care. *Early Childhood Research Quarterly*, 21. pp. 296-312; Besner, L. (2005). Social Inclusion and Working Conditions of Unregulated Family Child Care Providers. Unpublished Master of Science Thesis, University of Guelph; Lero, D., Brophy, K., Coulman, L. (2005). QC Wellington: A Community-Wide Approach for Improving and Sustaining High Quality Child Care in Wellington County. Guelph: Centre for Families, Work & Well-Being, University of Guelph; Weaver, R.H. (2002). Predictors of quality and commitment in family child care: Provider education, personal resources, and support. *Early Childhood Education and Development*, 13 (3), 265-282; Pence, A. & Goelman, H. (1991). The relationship of regulation, training and motivation to quality of care in family day care. *Child and Youth Care Forum*, 20(2), pp. 83-101.