

Child Care Wages and a Quality Child Care System



**Child Care
Human Resources
Sector Council**

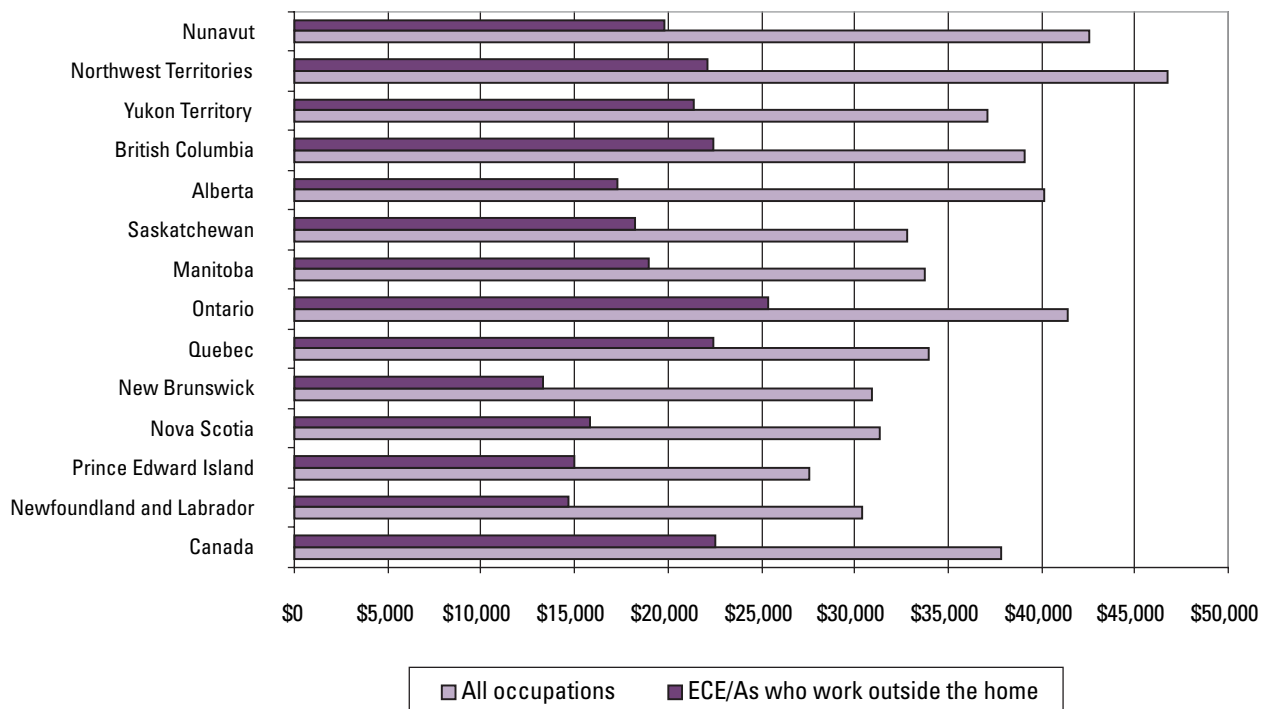
Child Care Wages and a Quality Child Care System

The low wages and poor benefits of the child care workforce are important factors in the sector's recruitment problems and high staff turnover, resulting in lower quality child care. Improving workforce compensation will be critical to creating a quality early learning and child care system. This paper examines the earnings of the workforce, the impact of education on income, and the likely impact on wages of trends in child care expansion and funding.

How much the workforce earns

According to the 2001 census, early childhood educators and assistants (ECE/As) earned about half the national average for all occupations. (The chart below shows this disparity held true across all provinces for centre-based staff with college certificates or diplomas.) ECE/As working at home full time (family child care providers) earned an average \$15,000 annually. Those working outside the home (centre-based ECE/As) made just over \$21,000.

Chart 1: Average Full-time income in 2000 for Those With College Certificates or Diplomas, All Occupations vs. Early Childhood Educators and Assistants Who Work Outside the Home



Source: Custom tabulations on 2001 census data conducted for the Labour Market Update

¹ In the study, the assumption was made that ECE/As who work outside the home work in centre-based programs and those who work at home are family child care providers. See section 2.2.2 of the main report for further information about the National Occupation Classification.

Education makes a difference

More education corresponds to a higher income:

- Centre-based staff with no post-secondary certificate or diploma earned an average \$17,000;
- \$22,500 with a certificate or diploma; and
- \$25,800 with a bachelors degree.

Table 1 shows a correlation between higher education on higher income for all provinces and territories except Nova Scotia and Prince Edward Island. ECE/As in Ontario with a college certificate or diploma had the highest income gain – an increase of about \$7,500 (approximately 42%). They earned almost twice as much as their counterparts in New Brunswick.

Table 1: Average Full-Time Income in 2000 by Educational Attainment by Province and Territory, Early Childhood Educators and Assistants Who Worked Outside the Home

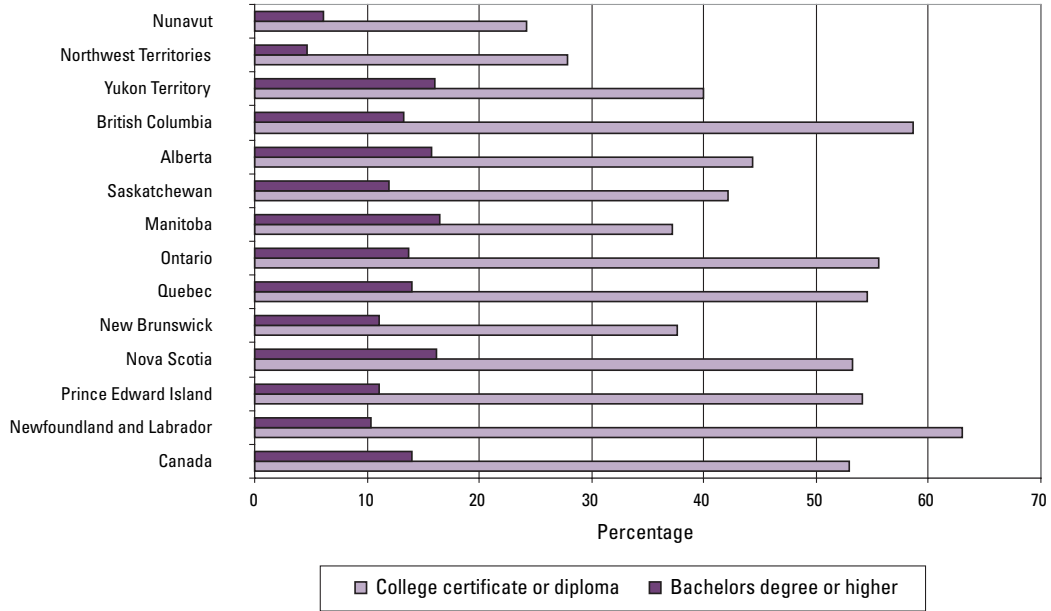
	No post-secondary credential	College certificate or diploma	Bachelors degree or higher
Canada	\$17,034	\$22,548	\$25,796
Newfoundland and Labrador	\$12,990	\$14,709	\$14,857
Prince Edward Island	\$14,678	\$14,979	\$14,796
Nova Scotia	\$15,410	\$15,820	\$17,958
New Brunswick	\$10,577	\$13,268	\$17,232
Quebec	\$18,336	\$22,418	\$26,301
Ontario	\$17,836	\$25,315	\$28,350
Manitoba	\$14,918	\$18,964	\$23,924
Saskatchewan	\$15,239	\$18,207	\$24,764
Alberta	\$14,586	\$17,290	\$22,761
British Columbia	\$17,821	\$22,428	\$23,562
Yukon Territory	\$18,705	\$21,369	\$37,236
Northwest Territories	\$17,939	\$22,154	—
Nunavut	\$15,892	\$19,803	\$46,100

Source: Custom tabulations on 2001 census data conducted for the Labour Market Update

Most centre-based ECE/As (about 2/3) have a post-secondary credential (i.e., a certificate, diploma, or degree). Educational attainment was lowest in the Northwest Territories, Nunavut, and New Brunswick, and highest in Newfoundland and British Columbia. Overall, ECE/As were about

four times more likely to have a certificate or diploma rather than a degree. The proportion of ECE/As with degrees was highest in Manitoba, Nova Scotia, and Yukon Territory, and lowest in the Northwest Territories and Nunavut.

Chart 2: Educational Attainment by Province/Territory, Early Childhood Educators and Assistants Who Work Outside of the Home

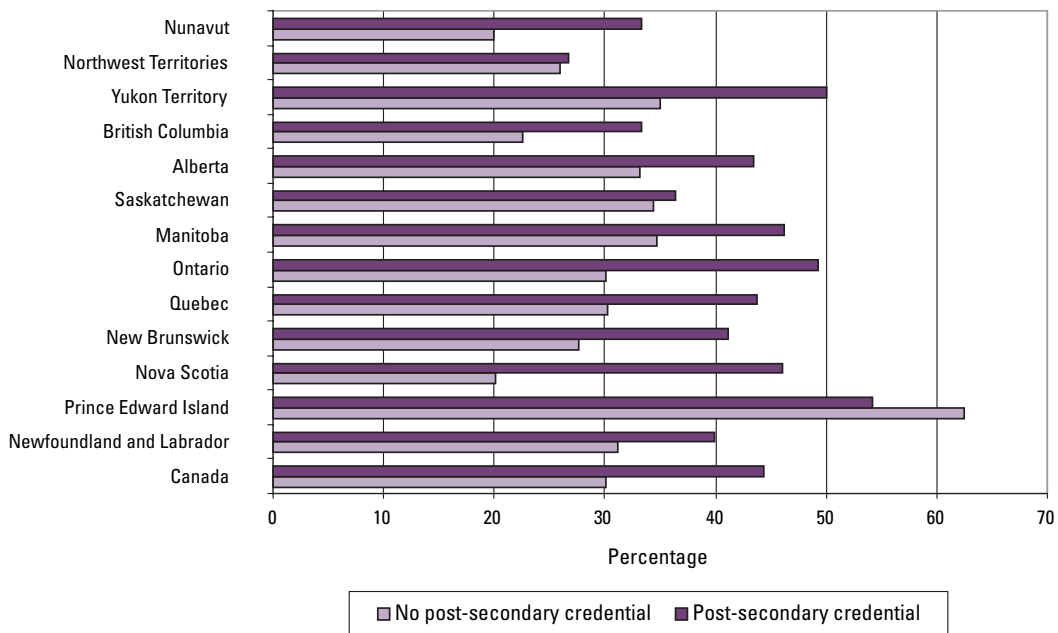


Source: Custom tabulations on 2001 Census data conducted for the Labour Market Update

For centre-based ECE/As, a post-secondary credential made a difference to having a full-time, full-year job. Chart 3 shows that about 44% of those with a certificate, diploma, or degree were working full-time full-year, compared to 30% with no post-secondary credential. Only in Prince Edward Island

did a post-secondary credential not make a difference to having a full-time, full-year job. Education exerted the strongest influence in Nova Scotia, where the proportion of those working full-time full-year was more than twice those without a post-secondary credential (46% vs. 20%).

Chart 3: Percentage of Early Childhood Educators and Assistants Working Outside the Home Who Worked Full-time Full-year in 2000, by Educational Attainment by Province



The impact of financing on wages

Several factors in child care financing determine child care wages. They include:

- The fees paid by parents
- The subsidy rates and associated eligibility levels
- Government operating grants and specific wage subsidies
- Union membership and non-profit status, which tend to be indicators of higher wage levels

Parent fees and subsidies

The majority of funding for child care (outside of Quebec) currently comes from parent fees. The fee-for-service model means child care is unaffordable for many middle income parents since they are generally less likely to be eligible for fee subsidies. As well, even though low-income parents receive subsidies from their provincial or territorial government, they are often hard pressed to pay the difference between the subsidy amount and the full fee. For these reasons, many centres try to keep fees moderate. This in turn limits their revenue, which is the major source of staff wages. Staff wages and benefits usually account for at least 75% of a child care centre's budget.

*Early Childhood Education and Care in Canada 2004*² shows that the average 2004 full-time fees for three-year-olds were lowest by far in Quebec at \$7/day (approximately \$150/month). In the other provinces and territories, fees for three-year-olds ranged from \$376/month in Manitoba to \$532/month in Alberta. Information for 2004 was not available for Ontario, BC, or the three territories. The highest reported average infant fees in 2004 were in Newfoundland and Labrador at \$975/month.

Targeted wage grants and subsidies

As of 2004, all provinces and territories provide some operating funding to at least some child care programs. Since 2001, some have raised subsidy rates and eligibility levels, while others have directed funds to wages or to staff on the basis of education level:

- Newfoundland and Labrador provides an Educational Supplement for centre-based staff with a post-secondary credential. Quarterly payments are made directly to staff. Funding has increased to \$2,080/year for full-time staff with a one-year ECE certificate and \$4,160/year for those with at least a two-year ECE diploma.
- Nova Scotia introduced a Child Care Stabilization Grant to improve wages and assist in attracting/retaining staff. Amounts are \$4,000/year/trained staff and \$1,000/year/untrained staff according to staff: child ratios in regulation. At least 80% must be spent on salaries; up to 20% may be spent on benefits and professional development.
- New Brunswick increased the percentage of the Quality Improvement Funding Support that must go to wages. Facilities must use at least 73% of the funds on wages and benefits of staff who work directly with children (up from 60%), and a minimum of 18% to support ongoing professional development.
- Quebec has undertaken a recruitment campaign and provides funding to programs to pay wage levels negotiated with the unions representing child care workers.
- Manitoba has also undertaken a recruitment campaign. The province continued to work with the Manitoba Child Care Association to provide centres with the funding to pay wages at MCCA salary scales, which have increased over the years. The Manitoba General Employees Union (MGEU) continues to organize child care centres. By the fall of 2004, they had signed up approximately 70 centres and were pursuing a strategy with the MCCA and the provincial government to establish and fund an employers' association.

² Friendly, M. and J. Beach (2005). *Early Childhood Education and Care Canada 2004*. Toronto, ON: University of Toronto, Childcare Resource and Research Unit. All information for 2003 and 2004 comes from this document.

- Saskatchewan increased its Early Childhood Services Grant to the equivalent of \$775/month per staff from \$680/month.
- Alberta introduced accreditation in 2002. Pre-accreditation and accreditation funding, and staff support funding are available to eligible centres. Eligible centres can receive \$0.46/hr and \$0.58/hr for Level I staff in pre-accredited and accredited centres respectively; \$0.61/hr and \$0.76/hr for Level 2; and \$0.94/hr and \$1.18/hr for Level 3.
- Yukon added \$230,000 to its 2003 budget specifically for wages. In 2004, the child care budget was increased by \$675,000, half of which was allocated for wages.

Targeted funding has an impact. The four provinces that provided wage information for 2004 all directed funding to improve wage levels. In each case, ECE/A wages were higher than in 2001.³

Table 2: Average Full-Time Equivalent Wages, 2001 and 2004

	2001	2004
New Brunswick	\$12,539 (all staff)	\$15,420
Quebec	\$22,418 (certificate or diploma)	\$30,072 (trained staff)
Manitoba	\$18,964 (certificate or diploma)	\$24,135 (ECE II, 1-year certificate) \$25,560 (ECE II, 2-year diploma)
Saskatchewan	\$18,207 (certificate or diploma)	\$21,157 (2-year diploma)

Increased government funding

Recent federal/provincial/territorial agreements have made more funding available for child care. The 2001 Early Childhood Development Agreement provided \$2.2 billion over five years, although the money did not necessarily have to be spent on child care. The subsequent Multilateral Framework on Early Learning and Child Care provided funding for regulated child care. Most recently, \$750 million was announced in the 2005 federal budget in anticipation of a national framework for early learning and child care based on the QUAD principles of quality, universally inclusive, accessible and developmental programming.

Overall spending on child care has increased since 2001. The biggest spending increase has been in the Northwest Territories (58.7%), Nova Scotia (53.3%) and Quebec (42.8%). But there were also spending cuts in three jurisdictions, ranging from a 4.2% reduction in Nunavut, to 6.8% in Alberta and 14.5% in BC.

³ Wage information from provincial/territorial administrative data is not comparable to census data; however, the 2001 administrative wage information was within \$1,000 – \$2,000 of the corresponding census income data. For this reason, 2004 administrative wage information and 2001 census data are presented together to look at likely trends.

Table 3: Allocations for Regulated Child Care 2001 and 2004

Province/ Territory	2001	2003 – 2004	% change
Newfoundland and Labrador	7,753,000	9,636,300	24.3
Prince Edward Island ⁴	4,229,708	4,681,790	10.7
Nova Scotia	12,892,278	19,767,821	53.3
New Brunswick	10,800,000	13,900,000	28.7
Quebec	1,092,427,651	1,560,000,000	42.8
Ontario	451,500,000	497,400,000	10.2
Manitoba	62,876,400	73,003,600	16.1
Saskatchewan	16,387,911	19,639,000	19.8
Alberta	57,500,000	53,600,000	-6.8
British Columbia ⁵	164,563,000	140,725,000	-14.5
Yukon	4,440,222	5,197,284	17.1
Northwest Territories	1,602,000	2,542,000	58.7
Nunavut	1,865,000	1,786,000	-4.2
Canada	\$1,888,837,170	\$2,401,878,795	27.1

Source: Friendly and Beach 2005

Funding for spaces affects wages

Even with a declining child population, regulated child care spaces have expanded. There are more regulated spaces in all provinces and territories except Alberta and the Northwest Territories. (Alberta introduced regulated school age care in 2004, so it appears there has been an overall increase in spaces, but there has been a 3.1% decrease in

spaces for children under six.) Nonetheless, there is wide variation in levels of coverage (the percentage of child care spaces relative to the child population). In 2004, coverage ranged from lows of 4.9% in Saskatchewan and 6.8% in Newfoundland and Labrador, to highs of close to 30% in Quebec and Yukon.

⁴ Wage information from provincial/territorial administrative data is not comparable to census data; however, the 2001 administrative wage information was within \$1,000 - \$2,000 of the corresponding census income data. For this reason, 2004 administrative wage information and 2001 census data are presented together to look at likely trends.

⁵ PEI's kindergartens are located in child care centres. For the purpose of comparison with other jurisdictions where kindergarten is in the public education system, this calculation does not include PEI's spending on kindergarten.

Table 4: Percent of Children 0-12 for Whom There was a Regulated Child Care Space in 2001 and 2004

Province/ Territory	2001 (%)	2004 (%)
Newfoundland & Labrador	5.5	6.8
Prince Edward Island	14.0	18.9
Nova Scotia	8.1	9.6
New Brunswick	9.9	11.0
Quebec	21.1	29.9
Ontario	8.9	10.7
Manitoba	12.4	14.3
Saskatchewan	4.2	4.9
Alberta	9.1	9.3 (12.7) ⁶
British Columbia	12.1	13.7
Northwest Territories	n/a	13.1
Nunavut	n/a	11.6
Yukon Territory	n/a	29.2
Canada	12.1	15.5

Source: Friendly and Beach 2005

More coverage is desirable; however quantity does not really address the need for higher quality. In fact, there is a trend in some provinces to use the increased dollars for child care to expand the number of spaces and reduce the per space funding. The amount allotted for each regulated space is a key determinant of staff wage levels, and staff are a critical component of quality care. Wage levels affect whether adequate numbers of qualified and experienced staff will be attracted to or stay in the field, and thus have an impact on the likely success of any recruitment and retention strategy for the sector.

Table 5 shows the variation across and within provinces and territories on public spending per space. In 2004 the annual public funding per space in Quebec was \$4,849, compared to \$1,142 in Prince Edward Island. In fact there were decreases in the per space amount of funding in five of the 13 provinces and territories. The greatest increases in per space allocations were in the Northwest Territories (60%) and Nova Scotia (37.7%), and the greatest decreases were in British Columbia (22.3%) and Prince Edward Island (14.4%).

⁶ School age child care in Alberta became regulated in 2004. For purposes of comparison, the 2004 percentage has been calculated without the school age spaces; the percentage in brackets includes the school age spaces.

Table 5: Allocation in Actual Dollars for Each Regulated Child Care Space by Province/Territory

Province/Territory	2001 \$	2004 \$	% change
Newfoundland & Labrador	1,835	1,958	6.7
Prince Edward Island	1,334	1,142	-14.4
Nova Scotia	1,125	1,549	37.7
New Brunswick	1,066	1,168	9.6
Quebec	4,651	4,849	4.3
Ontario	2,608	2,406	-7.7
Manitoba	2,731	2,848	4.3
Saskatchewan	2,279	2,483	9.0
Alberta ⁷	1,206	1,159	-3.9
British Columbia ⁸	2,256	1,754	-22.3
Yukon Territory	3,294	3,796	15.2
Northwest Territories	1,298	2,085	60.6
Nunavut	2,001	1,761	-12.0
Canada	3,185	3,223	1.2

Source: Friendly and Beach 2005

More money for wages, higher levels of quality

The research shows that in order to develop a quality, affordable child care system, the low wages of qualified staff must be addressed in a planned and coordinated way across Canada. About half the provinces and territories now have some operational funding targeted to wages. While it is not always possible to determine the impact on wage levels, it is evident that the spending per regulated space is increasing – suggesting that there is more

money for wages. In provinces/territories where there is no dedicated funding, or no wage scales, the funding per space tends to be decreasing, even when the number of spaces and the overall spending have increased. In order to meet the QUAD principles, provinces and territories will need to balance the need for expansion with the funding per space. The key to quality early childhood care and education services lies in providing sufficient funding to pay adequate wages and benefits to staff.

⁷ While Alberta began regulating school age child care in 2004, the province does not provide funding for school age spaces. In order to be comparable with 2001, school age spaces have not been included in the calculations for the 2004 allocation for each regulated child care space.

⁸ British Columbia's figures use an estimate for the provincial allocation as British Columbia allows subsidies unregulated care and includes only the estimated expenditure on regulated care.

A note on the data

Since there are no regularly collected pan-Canadian statistics on members of the child care workforce, 2001 census data provided the most comparable information on incomes for the *Working for Change* study. The research team used custom tabulations on the National Occupational Classification for Statistics (NOC-S) category E217 - early childhood educators and assistants (ECE/As). These tabulations examined demographic variables including numbers, education and income. However, this information is

not necessarily comparable to provincial and territorial administrative statistics on wages in the sector. This is because the census data could include people who work in unregulated preschools, homes and other settings; and those with postsecondary credentials in fields other than early childhood education. Census income figures could include earnings from all jobs ECE/As may have had. As well, since many provinces and territories do not regularly collect this information, it is difficult to examine the specific impact of policy changes on wages.

Working for Change

The information in this backgrounder comes from the research done for the November 2004 labour market update study, *Working for Change: Canada's Child Care Workforce*. The study provides a profile of those who work in regulated child care and points the way to solutions for addressing the critical labour shortage in this sector. The study was sponsored by the Child Care Human Resources Sector Council (CCHRSC).

For more information visit
www.ccsc-cssge.ca
 or contact us at:
 Tel: 613-239-3100
 Toll-free: 1-866-411-6960
 E-mail: info@ccsc-cssge.ca

