



## Early Learning and Child Care Faces Catastrophic Collapse If Funding Cut

A Submission to the Standing Committee on Finance and Economic  
Affairs, Government of Ontario

2010 / 2011

*The Ontario Coalition for Better Child Care (OCBCC) is a non-partisan advocacy organization that was founded in 1981 to advocate for universal, high quality, not-for-profit regulated child care in Ontario. Our membership includes representatives of more than 800 organizations and individuals in the child care and early learning sector.*

## **Background to the Crisis:**

In 2006, the McGuinty government took a one-time federal payment for child care and spread it over four years. Each year since \$63.5 million went to support our vital child care services.

The money, commonly called “Best Start” funding was a one-time payment from the cancelled National Child Care Program. Over the past four years, the OCBCC has continued to remind the government of the lack of continued funding past 2010.

It is a Provincial responsibility to fund child care. Municipalities receive the money from the Province to administer child care services.

If the Province does not replace the \$63.5 million dollars in this year’s provincial budget, Municipalities across Ontario will have no option but to make dramatic cuts to child care subsidies.

## **2009 – Minister Announces “Bridge Funding”:**

The OCBCC sounded the alarm in last year’s pre-budget period. We were shocked to find there was no continuation of this funding in the 2009 budget. On May 12, Minister Deb Matthews attended our Queen’s Park lobby and announced \$18 million in “bridge funding”. Without the “bridge funding”, municipalities would have already cut funding to child care subsidies. The addition money extended funding to June 2010.

Minister Matthews said one of the reasons for the “bridge funding” was to see what recommendations would be forthcoming in the report from the Early Learning Advisor, Dr. Charles Pascal.

## **What Did the Pascal Report Say About Best Start Funding?**

“Federal Funding that now supports Best Start child care spaces is scheduled to end in early 2010. This support needs to be maintained as part of the effective implementation of full-day learning. The Province should make it clear to its municipal partners that it will secure continued support from the federal government for the original Best Start funding base or replace federal funding with provincial resources to ensure stability” (page 45, With Our Best Future in Mind).

## **What is the short term economic impact of the elimination of \$63.5 million in funding to Ontario's economy?**

If Ontario cuts \$63.5 million from our early learning and child care programs, we will lose \$148 million dollars from Ontario's economy.

The dramatic impact on the Ontario economy is in part due to:

- Early learning and child care programs are very labour intensive. It is not unusual for programs to spend more than 75% of their budgets on wages
- Our funding is spent entirely in Canada – unlike other industries there is very little “imported” value or goods in child care – this funding is all spent in Ontario
- Lower income workers spend more of their total income which increases the impact on the economy.
- The tax rate is lower for low income workers meaning loss of income means loss of tax revenue for government.
- Parents are price-sensitive regarding child care costs. Every 1% fee increase lead to a greater than 1% decline in use of child care.
- Child care workers are sensitive to wage changes – for every 1% drop in wages, there is a greater than 1% drop in hours.

As a result of these factors, cuts of \$63.5 million would mean direct loss of employment in child care of 1862 staff and cost the economy 3030 jobs.

In addition 3480 parents would leave their jobs without access to a child care subsidy. Many of these parents may need to rely on welfare, increasing the Provincial Government's costs.

## **What is the Impact on Families, Child Care Centres and Communities?**

The ripple effect of those cuts will lead to a catastrophic collapse for our fragile child care system.

**Impact on Families:** Low income families and single parents will be hardest hit. Economic modeling projects 3480 parents will be forced to leave their jobs.

- Thousands of low and middle income families will lose access to safe, quality care for their children.
- Parents may have to leave their jobs or postpone going back to school.

(Cities like Toronto have 16,000 children on its waiting list for subsidized child care. Despite the heavy demand city officials say they will be forced to cut thousands of child care subsidies. This situation is similar in other Ontario regions.)

**Impact on Child Care Centres:** Whether you are looking for child care; are a full-fee paying parent or have a subsidy, everyone will be affected. Child care centres will need to deal with empty spaces and declining revenue.

- They will be forced to layoff staff and increase parent fees.
- Many centres will close, and ALL will become extremely vulnerable.

**Impact on Communities:** Early learning and child care provides a vital support for children, families and the workforce across Ontario. Every community needs affordable, accessible, high quality child care for its young families.

- We already do not have nearly enough child care in Ontario.
- Families need child care for children of all ages.
- Families have been struggling in Ontario for decades with inadequate access to this vital service . . .

### **Impact on the Government's Plan for Full-Day Learning:**

The Provincial Government has announced full-day learning for 4 and 5 year olds, starting this September. A collapsing child care system will be a disaster for full-day learning. Parents will lose child care options for younger children, child care centres will be financially vulnerable or close – all at the same time you build a new program?

### **In the 2010 budget, we call on Premier McGuinty and Finance Minister Dwight Duncan to:**

1. Ensure the province provides sufficient funding to maintain existing levels of child care service; and recognize cost of living and other legitimate increases in operating costs;
2. Provide all necessary tools to support the transition to an Early Learning Program for four and five year olds and ensure the child care system remains stable and sustainable.
3. Ensure the Ontario government allocates child care savings that will be realized from full day learning. The province has calculated a \$119-million savings in public child care costs as four and five year olds move into full day, school-operated programs. This money should be advanced to stabilize affected child care programs and expand learning and care options for younger children.