Child Care in Ontario:
A Call for Transformation, Not Tinkering

CUPE Ontario
A Response to
Modernizing Child Care in Ontario

September, 2012

Introduction

CUPE Ontario*,* of the Canadian Union of Public Employees, represents 230,000 workers in Ontario working in municipalities, health care, school boards, social services, and post-secondary education. CUPE has a keen interest in early childhood education and child care (ECEC) for three main reasons. First, we represent ECEC workers across these diverse settings. Second, child care affects our own members who are parents and grandparents. Finally universal, high quality, publicly-funded, public and not-for- profit child care is a key social justice issue. CUPE has a long history of fighting for child care with our labour and community partners. From CUPE's perspective, universal high-quality early childhood education and care is in all of our best interests.

With this in mind, we take this opportunity to answer the Minister of Education's invitation to respond to the discussion paper *Modernizing child care in Ontario.* At the outset, we note that we agree with some of the elements in the discussion paper but are not in agreement with others. Generally, we agree with many of the paper's overarching assertions and sentiments but find that the discussion paper's solutions or proposed options are absent, truncated or—from our perspective—not supportable. For example, we agree with the discussion paper's assertion that:

…*early learning and child care are crucial to Ontario's success. High-quality child care programs benefit children by providing enriching early learning experiences that promote future well-being. What's more, the sustainability and growth of the economy depends on the strength of our workforce, and many parents and families rely on child care in order to work, go to school or participate in retraining*.

However, we find the proposed solutions or options in the discussion paper are inadequate for ensuring that Ontario can live up to the statement.

We take note of the discussion paper's caveat that "strengthening the child care sector will be challenging in a climate of fiscal restraint" and further that "over the next three years, the process of modernization will not be about expanding the current system". We remind the Ontario government of the evidence, based on economic analyses conducted by prominent economists such as Robert Fairholm and Pierre Fortin that show child care to be an economic asset, not a drain, on the economy. Fairholm's research shows that every dollar invested in high quality childcare brings a $2.42 return in short- and long-term benefits to Ontario, including educational benefits as well as increased earnings, employment and reduced social costs. Montreal-based Fortin shows how Quebec's child care funding more than pays for itself through increased tax dollars on mothers' income and consumption taxes; he calculates that Quebec recoups $1.05 (with the federal government gaining $.44 on the dollar) for each public dollar spent on child care by Quebec. Well-directed public spending on child care is a public investment, not a public cost and part of the solution to Ontario's economic challenges, not part of the problem.

We suggest that "climate of fiscal restraint" or not, the Ontario government is severely under-funding regulated child care, whether this is considered comparatively using to international benchmarks or domestically, when compared to the other provinces and territories.

Internationally, the benchmark that is used for adequate minimum public spending for ECEC (kindergarten + child care) is at least 1% of GDP for children aged 0-5 years. In 2008, Ontario's public spending allocations were $780,400 million[1] for regulated child care and $1.16 billion for kindergarten or less than .04 percent of that years' provincial GDP for early childhood education and care—regulated child care and kindergarten. Using the benchmark, the OECD in 2006 and UNICEF in 2008 both ranked Canada, including Ontario as a low spender, one of the lowest of all the OECD countries compared.

Ontario doesn't shine in domestic, inter-provincial comparisons on public child care spending either. Ontario, once the national leader on child care funding, has fallen behind other provinces; By 2008, at $3,040, Ontario's spending per regulated space had dropped considerably from the 1995 figure of $3,664 per space while Manitoba, Saskatchewan, Quebec and Newfoundland, as well as the Yukon continued to spend more per space than Ontario, while Ontario's spending on regulated child care spending for each child aged 0-12 ($414) was lower than that of Manitoba at $606 per child, the Yukon at $1,415, Quebec at $1,694 in 2008.

Considering Ontario's spending allocations for regulated child care over the past two decades shows that reported provincial spending, outside earmarked federal funds between 2003 and 2008, is more-or-less at about the same level that it was in 1995[2], with wage grant and special needs funding somewhat lower and subsidy spending somewhat higher.

When these funds are adjusted for inflation, however, the picture is different, even using financial figures from before the fiscal crisis (and before FDK was introduced). Adjusting the 1995 subsidy budget of $305,400,000 for inflation yields a value (in 2009 dollars) of $422,138, 932, considerably more than the 2009 subsidy budget of $350,200,000; this represents an actual decrease in constant dollars of $71,938,932 for fee subsidies. Similarly, $195,000,000 was allocated for wage enhancement in the 1994/1995 fiscal year. Adjusting this figure for inflation yields $ 254,453,924.91 in 2009 dollars, so the drop to $171,300,000 in constant dollars is considerable—a decrease of $83,153,924 in the wage grant budget.

Spending on child care was not a high priority for the government of Ontario, even before current fiscal constraints became part of the picture. What this suggests is that a long-term financial plan with enhanced investment along with an integrated with a long-term policy framework is very much needed in Ontario if child care services are to be "modernized" to effectively meet the needs of twenty-first century families.

Putting children and families first

We interpret "putting children and families first" to mean that –given the current circumstances, the Ontario government needs to act much more quickly, decisively, and with a more coherent approach than the discussion paper outlines. We observe that the state of child care in Ontario is at an all-time crisis point. This perspective would be unique if it were not for the many reports and media stories, testifying to the rapid unravelling and de-stabilizing of Ontario's already limited child care supply.

[1] In addition, $211 million was passed through to municipalities under Best Start funding but how these funds were used is not available. It is assumed that these funds were covered by the earmarked federal transfers for early learning and care totalling $234 million, though how these funds were spent was not available either.

[2] See Friendly, 2010

What's happening on the ground

As CUPE Ontario's 2012 brief, *Childcare SOS*, noted:

> *Parents, ECE staff, service providers and young children bear the brunt of the multiple pressures that are not only inherently part of Ontario's disjointed, under-funded childcare free market model but have been intensified by the shift to FDK*.

The lack of a rational provincial plan for adequately developing, funding and managing a true childcare system exacerbated by the introduction of full-day kindergarten has had a number of key, severe, immediate impacts:

- Centre closures across the province, so that families have less choice, there are no services in some areas, and the opportunity for planning and profiling centres to provide needed services for 0-3s is lost;
- Subsidy waiting lists so lengthy that many eligible families may never secure a subsidy;
- Hefty fee hikes creating conditions in which few parents can afford to pay full fees;
- Volunteer boards and municipalities without adequate resources to make the transition to needed infant and toddler care as kindergarten-age children exit;
- ECE wages too low to attract and retain the qualified staff needed for high quality programming.

The Ontario child care situation is getting worse, not better. Since last winter, closures of non profit and municipal centres and growing subsidy waiting lists have intensified, and have been recorded in Windsor[3], Kenora[4], Peel[5], Toronto[6], Niagara[7], Ottawa[8], Hamilton[9], and others. The closure of public and non profit child care is but one of three structural shifts that are occurring in Ontario child care without the protection of a provincial plan or policy, with limited transitional support and intervention from the provincial government and shrinking community resources.

These shifts—which, we contend, are likely to be un-alterable in Ontario as they have been elsewhere—may be described as: closure, and shrinking supply of Ontario's best child care options; disproportionate expansion in the for-profit sector and growth of home-grown profit-making chains; and entry of rapid growth, big-box child care corporations for the first time.

Many of the closures have been in the non-profit and publically-delivered child care sector –services that have been developed using considerable volunteer community resources, public resources and public funds. We would argue that these are among Ontario's "choicest" child care options, providing leadership, innovation and often serving hard-to-serve and higher needs populations. Additionally, as the research shows, these are also likely to be the top quality services, as well as those that are most likely to be deemed unviable because they provide services and supports tor vulnerable families and

[3] The CAW centre in Windsor (whose capital building costs were provincially funded in the 1990s)is closing (Windsor closed all its municipal centres last year);
[4] Kenora is shutting down its one municipal centre;
[5] Peel Region local government task force has recommended closing down all 12 Peel Regional centres; Three of Family Day Care Services centres were shut down,
[6] One of the limited supply of francophone centres in Toronto will close; three municipal centres were lost; there are 23,000 on the subsidy waiting list
[7] Niagara reports 300 on the subsidy waiting list
[8] In Ottawa , one of nine municipal centres is slated for closure and 8000 on the subsidy waiting list
[9] Hamilton reports 1600 on the subsidy waiting list

children. Examples include Family Day Care Services, the Peel Regional centres and the Windsor municipal centres.

The municipally-operated child care sector has not only diminished relative to all spaces but in real numbers over the years. According the Ministry of Community and Social Services' *Day care policy: Background paper* (1981), in 1980, municipal child care represented 21% of full-day spaces (5,932 of 28,607 spaces. By 1998, there were 18,143 municipal spaces, or about 10% of all spaces but by 2010 (prior to the latest round of municipal closures), this number had dropped to 10,230, or about 6% of all spaces.

As expansion of non-profit child care has generally grown at a snail's pace and publicly-delivered childcare has shrunk, the for-profit sector in Ontario has grown steadily since 2004, from 17% to 25% of centre-based spaces in 2010. Chains are growing in Ontario, with some home-grown profit-making chains now owning as many as, for example, 27 locations.

CUPE has flagged the growth of for-profit child care as a key concern for some years. In light of the considerable and growing body of well-accepted evidence that shows that for-profit child care is more likely to be poorer in quality and to provide poorer access than public and non-profit child care, it seems incumbent on the Ministry of Education—now responsible for child care as part of "education" broadly conceived—to be concerned as well.

Entry of rapid growth, big-box child care corporations for the first time in Ontario is a whole new world for Ontario child care—one that includes acquisition agents, real estate firms, and big corporations—and one for which neither the not-for-profit child care community nor an Ontario government that "puts children and families first" is ready. Calgary-based Edleun Group is rapidly growing in Ontario, buying out four new Ottawa centres as recently as August 2012. Edleun's business approaches, acquiring child care centres traded on the Toronto Venture Exchange since 2010, have already claimed 50 centres operating in three provinces. For a full analysis see CUPE's paper, The *pursuit of profit in Ontario child care: Risky business for parents and government.*

Another example is the privately-held Kids and Company, which specializes in selling child care memberships to large employer "clients". Kids and Company is now listed as operating 50 centres across Canada, of which half are in Ontario. Centres tend not to cater to lower income families.

A Long-Term Vision for Child Care

Generally, we support the long-term vision set out in the discussion paper. Our problem is the parameters in the paper offer no paths for moving towards such a vision.

Guiding principles

CUPE agrees that it is important to put forward "principles [that] guide the long-term vision for early learning and child care in Ontario". We believe that principles, goals, objectives are a fundamental part of an ECEC policy framework, and that getting these right is important. However, we do not agree that these "five major principles" have the capacity to guide the long-term vision.

We submit the following principles that have underpinned CUPE's ECEC advocacy for some years:

1. Early childhood education and care must be universally accessible, that is, available, affordable, inclusive and meeting diverse needs in all communities, all regions, all families and children.
2. Early childhood education and care programs must be high quality. Staff should receive remuneration that reflects the value of the work, and be trained in early childhood education at post-secondary level; programs should operated on a not-for-profit (publicly delivered and non-profit) basis; public funding should be through operational or base funding, not subsidies or vouchers; physical settings and educational philosophy should enhance the program; respect parents' work schedules and family needs; reflect diversity.
3. Early childhood education and care programs should be delivered as part of a publicly-managed system, not a market that is, relying on private providers creating services rather than using a planned approach to service provision and expansion. Relying primarily on parent fees, limited public spending through vouchers and fee subsidies will not deliver the equity, accessibility, high quality or public accountability for spending. The available evidence shows that neither profit making operations nor out-dated marketized approaches to ECEC deliver the universal, high quality ECEC system that families need.
4. A comprehensive range of service and policy options should be available, that is, real choices for families that meet children's, families' and communities' needs, (such as part-day participation, regulated family child care) as well as strengthened maternity and parental leave) must be provided rather than reliance on "informal" (unregulated) child care or substituting "information and resources about the types of care available so that they [parents] may make informed decisions when choosing care for their children for access to high quality ECEC services.

Proposed Action for the Short and Medium Term

While the government's 2012 child care budget provided some limited relief to the current funding crisis, it falls far short of what is actually needed for community partners to deliver services that are affordable to parents and improve quality for children. Community partners are eager to transition services, but they must be supported by the province to do this.

The incursion of large corporate for-profit companies threatens this. We call on the province to issue a moratorium on the licensing of for-profit corporate child care companies. This period should be used to strengthen capacity in public and non-profit child care so that it plays a central role in a modern child care system.

In the short-term we need significant emergency funds to stabilize existing public and not-for-profit services. The base transfer to municipalities and First Nations needs to be indexed in the short-term while an appropriate funding formula is developed.

Action for the medium term to develop a modern system will require adequate:

- core (base) operating funding to support affordability to parents and improving wages and working conditions for early childhood educators and worker, ensuring low staff-to-children ratios and improving quality;

- capital investments for system and physical infrastructure;
- funding for supports and services for children with special needs;
- allocations that reflect the needs of First Nations and northern communities;

- on-going investments to support the child care workforce to implement an early learning curriculum that reflects young children's learning needs (ages 0-12); and
- provision of practical support to the early learning workforce to take part in flexible training programs.

Operating Funding Formula:

To build a truly comprehensive, integrated high quality and affordable system of early learning and care getting the funding formula right is vital. This means adequate funding through municipal service managers for funding for fixed costs such as rent, utilities, and facilities maintenance where there is no space in public buildings. The formula must include allocation for well-paid and qualified staff based on appropriate group sizes and staff/child ratios. Enhanced funding must be provided provide environments, supports, and appropriate staffing ratios for children with special needs.

Municipal services managers need sufficient funds to core fund public and non-profit services. We believe the current subsidy system is inequitable, ineffective, and outmoded.

As we move to a system in the long-term that doesn't include fees, our recommendation for a medium term funding formula is one that includes a maximum parent fee of 20 – 25% of total child care program costs. The formula must include sufficient funding to allow for professional development of staff, supervisors and directors. It must also include increased funding required to deliver services for all age groups and ensure improved staff to child ratios to enhance quality.

Capital Funding

We support the school first approach. Wherever possible school boards should work with the municipalities and the community to ensure this approach is maximized. This will include providing capital costs to retrofit current public and non-profit programs to transition to deliver services to younger children in schools. CUPE remains committed to FDK and extended day programs funded and delivered through schools.

While a schools first approach is best it will also be important to provide capital funding to assist public and non-profit programs to relocate into schools where possible. This could include provincial and municipal agreements for use of surplus public buildings to house public and non-profit child care centres with no charge for rent. The public and non-profit sector needs long-term stable arrangements. There are too many arrangements that currently exist that make the non-profit sector vulnerable to eviction and closure. This must not be allowed to continue. One step in protecting spaces in schools would be to introduce a moratorium on school closures and start planning for child care in schools.

Quality Programs

All children must be able to participate in high quality, inclusive early learning and child care. This will require resources, training and support to achieve. The Investing in Quality (Report of the Expert Panel on Quality and Human Resources, 2007) provides a roadmap on how to build and support inclusive programs.

We support moving to a mandated province-wide curriculum for child care. We also want support for child care workers to upgrade education and credentials, and director and supervisor mentoring programs.

We believe the Toronto Operating Criteria provides a practical example of a quality standards tool that could be studied and adapted with a view to province-wide implementation. Every child benefits from a quality early learning and care experience and a parent should expect that a licensed child care centre will deliver a high quality program that allows children opportunities for play, socialization, exploration and developmentally appropriate learning in a safe and nurturing environment.

Research makes the link between quality child care and well compensated staff. Good staff wages are important to attract and retain a skilled, knowledgeable and professional workforce. The Investing in Quality Report also sets out the need to increase funding to program to implement substantial wage and benefit increases. We believe the province of Ontario would benefit from the establishment of a Sector Council to conduct research to advance human resource issues for the sector. Labour, child care advocacy organizations, and public and not-for-profit employer representatives can come together through a sector council to conduct research and make recommendations to government on human resources issues.

Legislative and Regulatory Framework and Accountability

We think there is strong evidence that supports our view that a child care system is best grown through public/not-for-profit regulated child care. The discussion around regulatory changes must be focused on raising the floor on quality indicators such as group size, child-staff ratios, ECE requirements and quality indicators that include education play based learning environments. Promoting growth through expansion of home-based child care is not the way to grow and develop the system.

The discussion document refers to risk-based licensing and a monitoring system approach that aligns with the government's Open for Business Initiative Act. This raises tremendous concern that the province is opening the "market" to increasing privatization and competition that will come from large publicly traded child care corporations. This is not a good approach either from the perspective of public accountability or the perspective of the children and their families.

No jurisdiction in which child care is treated as a private business has a track record of equitable access or high quality. The countries in which early childhood education and care is widely accessible and meets benchmarks for quality are those that have adopted public management, public funding and public/not-for-profit delivery.

Conclusion

It is our hope that the views put forward in this response will be considered as Ontario moves forward in building a modern system of early learning and child care services. We have proposed a number of ideas that we believe are critical for building a modern system of seamless programs and services that will benefit children and their families now and in the future.

We are hopeful that the Ministry of Education will provide stakeholders, such as, with continuing opportunities for input before setting out a final course of modernization.

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