# On The Brink of Collapse: Child Care in Toronto

# Toronto Coalition for Better Child Care:
# Ontario 2012 Pre-Budget Brief

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## Toronto Coalition for Better Child Care: Ontario 2012 Pre-Budget Brief

The Toronto Coalition for Better Child Care (TCBCC) is a broadly based organization working to establish a comprehensive, high quality, universally accessible, non-profit, publicly funded child care system.  Our membership includes parents, early childhood educators, students, teachers, child care centres, family resource centres, and representatives from community organizations, women's groups, trade unions and social service agencies.

Toronto has the largest child care system in Ontario and the second largest system in Canada. There are 924 licensed child care centres in Toronto. Forty percent of these centres are located in schools. As Canada's largest City, Toronto families face significant challenges that include securing employment and income adequacy (about 29% of Toronto children are poor[1] a rate significantly higher than in the rest of Ontario). Access to affordable, high quality child care is a key policy to enable parents to work and give children a good start in life.

For many years Toronto's child care system has been strained. There are 56,000 children who receive licensed child care services. That , however, is low coverage: there is only enough licensed care for about one child in five (age 0 to 9 years). And while 24,000 children receive a fee subsidy to help with the cost of child care fees, almost as many (20,000) are on the waiting list for a subsidy.

The need to move forward on child care to reduce poverty, support working families and secure early learning opportunities for children is clear. The TCBCC does recognize and appreciate steps the Province has taken to, for example, backfill the $63.5 million funding gap left by the Federal government after it cancelled early learning agreements; and, to introduce Full Day Early Learning Kindergarten across Ontario. But while these are positive steps, the child care system in Toronto - and across the province - is now teetering on the brink collapse. The City of Toronto's Children's Services Division estimates that if nothing is done, 43% of Toronto's licensed child care centres are at some risk of closure over the next few years.[2]

The reasons are twofold. First, provincial base funding for child care remains frozen at 1995 levels affecting in particular the ability to sustain subsidies. Second, there is a need for a transition plan for centre-based child care programs to prevent vacancies that could affect their viability in the implementation of Full Day Early Learning Kindergarten.

The appended map, "Percentage of Centres at Risk – 2014"[3] shows the estimated risk of centre closures by City Ward. While the estimate is that 43% of centres are at some risk overall – that varies from less than 5% in some Wards, to over 50% in other Wards. Risk of closure is based on a

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[1] Low Income Measure, After Tax, for 2009, Statistics Canada Small Area Administrative Data.

[2] City of Toronto (October 2011) Staff Report for Action on Transitional Issues Impacting Toronto's Child Care System, http://www.toronto.ca/legdocs/mmis/2011/cd/bgrd/backgroundfile-42007.pdf

[3] City of Toronto (October 2011) Op Cit.

possible revenue loss of 25% or more, and affects 400 centres (now 377 centres because some have already closed). Among these are 159 centres (17% of the system) where one-half or more children are subsidized and so are at an even higher risk of closure. The inner suburbs have particularly high risks of closure. It is notable, however, that areas of lower risk could see much greater reliance on full-fee paying parents and higher user fees – effectively shutting low and modest income families out of their community's child care programs.

Ongoing fee subsidy pressures put centres at risk because base funding from Ontario remains frozen at 1995 levels.[4] Inflation has increased by about 37% since 1995[5] and a large gap has grown between funding levels and the actual cost of child care. The City has used reserve funds to cover the gap - but those funds run out in 2013. The City reports that it will need to begin to reduce subsidies in 2012 by about 2,000, and by 600 subsidies per year until base funding is indexed.

It is simply not realistic to expect the same level of service today for the same nominal (i.e. non-indexed) amount of funding of more than 15 years ago. This Provincial Budget must address the shortfall in base funding, and index it to keep up with inflation and the actual cost of service.

An under-anticipated consequence of Full Day Learning for 4 and 5 year olds is that it will leave centers with vacancies. To remain viable centres need to serve younger age groups. But care for toddlers/infants requires changes to the physical layout for many centres. Without access to capital to renovate, programs will close. Serving younger children is also more expensive. Fees from serving 4 and 5 year olds offset some costs of serving younger children. The City estimates that fees could rise by 10% serving a younger age group. While the province has acknowledged this problem with some funding, it does not go nearly far enough.

Forty percent of Toronto's licensed child care is co-located in schools. The City has an Occupancy Agreement with the school Boards to provide a rent grant that, in addition to keeping the costs of care down, also keep a lid on the rents charged. Base funding pressures are causing the City to reconsider the Agreement. Without the grant, rents are certain to rise, which will take a bigger bite from subsidies and cause hikes in parent fees. The TCBCC has been successful for several years in heading off the elimination of the rent grant. But that is likely temporary, and begs the question: why are parents and programs being charged rental fees for the education and care of their younger children in schools? These facilities are already paid for. What is needed is a provincial policy that contains and ends rent charges to child care programs in schools.

What will happen if nothing is done?

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[4] City of Toronto (January, 2011) 2011 Provincial Pre-budget Submission, http://beta.images.theglobeandmail.com/archive/01216/A_detailed_look_at_1216306a.pdf

[5] Bank of Canada Inflation Calculator http://www.bankofcanada.ca/rates/related/inflation-calculator/ .

The most certain thing is the loss of 2,000 fee subsidies which will, as noted, affect the viability of child care programs and cause closures. That burden will fall hardest on children in families of low and modest incomes, and in particular, on single parents who make up about 70% of subsidy recipients.[6] And of course the child care centres at most risk of closure are those serving lower income communities and whose families rely on a subsidy and can not afford child care otherwise. This will be a major setback for Ontario's poverty reduction efforts.

If all of the 43% of centres estimated to be at some risk closed, about 3,026 teaching positions (Registered Early Childhood Educators and Assistants) would be gone. If only the centres among these that are estimated to be at high risk closed, about 1,227 teaching positions would be gone.[7] That is a huge number of job losses and an enormous depletion of child development resources for young children.

These job losses do not include non-teaching staff such as custodians and cooks, nor do they include the ripple effects for various suppliers to child care programs. The largest multiplier would be the impact on parental employment. One teaching position provides care for between 3 and 8 children, depending on the children's age. A loss of teaching staff would be multiplied many times over by the number of parents who would not be able to work because they did not have a caregiver. And, as noted, that burden would fall hardest on single parents who without child care, are unlikely to have any alternative.

Centre closures would be a big loss to our community social infrastructure and would not be easily replaced without great cost. It is difficult now for parents to find quality child care – even when cost is not a barrier. With cuts to programs and subsidies more parents will have greater difficulty accessing fewer services and subsidies. This will also impact other service costs in, for example, social assistance, child welfare and children's mental health.

**Recommendations:**

To prevent a collapse of child care in Ontario and Toronto the Province must address funding pressures arising from base funding that is not indexed, and, plan for and address capital and transitional costs for centre-based programs with the implementation of Full Day Care. In Toronto, the City has estimated these costs as follows:

- Address the shortfall in base funding ($20M for 2,000 subsidies);
- Index annual provincial base funding to inflation;
- Funding to retrofit centres for young children (1 time capital of $27.4M);

[6] Correspondence on fee subsidies and family type, City of Toronto (May, 2009).

[7] Correspondence on potential loss of staff, City of Toronto (December, 2011).

- Operational funding for younger children ($27M)[8]

The Mayor's Task Force also estimates an additional $9M in operational funding to keep 24,000 subsidies for children 0 to 4 (subsidies for younger children are more expensive than for older children – so the existing 24,000 subsidies will not subsidize 24,000 younger children); and an additional $36.8M to fill unused capacity (3,200 vacant spaces).[9]

The TCBCC supports these recommendations and urges that the Province address them on a province-wide basis in the upcoming budget. We further recommend that the issue of school rents to child care be addressed through the Ministry of Education to put in place a no/low-rental charge policy for non-profit child care programs operating in schools.

[8] City of Toronto (October 2011) Op Cit.

[9] City of Toronto (November 10, 2011) Mayor's Task Force on Child Care. News Release.

## APPENDIX B

## PERCENTAGE OF CENTRES AT RISK - 2014