

Time Out

Child care costs in Canada, 2017

High costs

Median cost of preschool care per month by city

Toronto	\$1212	Vancouver	\$950	Charlottetown	\$586
Mississauga	\$1052	Hamilton	\$931	Regina	\$575
Brampton	\$1050	Edmonton	\$885	Winnipeg	\$451
Vaughan	\$1031	St. John's	\$868	Québec City	\$183
Markham	\$1017	Burnaby	\$840	Longueuil	\$183
London	\$1010	Halifax	\$823	Laval	\$183
Ottawa	\$1009	Surrey	\$800	Gatineau	\$183
Calgary	\$1000	Windsor	\$781	Montréal	\$168
Richmond	\$980	Saskatoon	\$710		
Kitchener	\$975	Saint John	\$694		

Waiting lists

Percentage of centres in each city that have a wait list

Kitchener	100%	Surrey	78%
London	95%	Richmond	78%
Vancouver	95%	Hamilton	69%
Toronto	95%	Edmonton	66%
Saskatoon	94%	Calgary	63%
Regina	93%	Vaughan	62%
Brampton	89%	Markham	55%
Windsor	87%	Saint John	47%
Mississauga	85%	St. John's	43%
Burnaby	84%	Ottawa	37%
Halifax	79%		

Rising fees

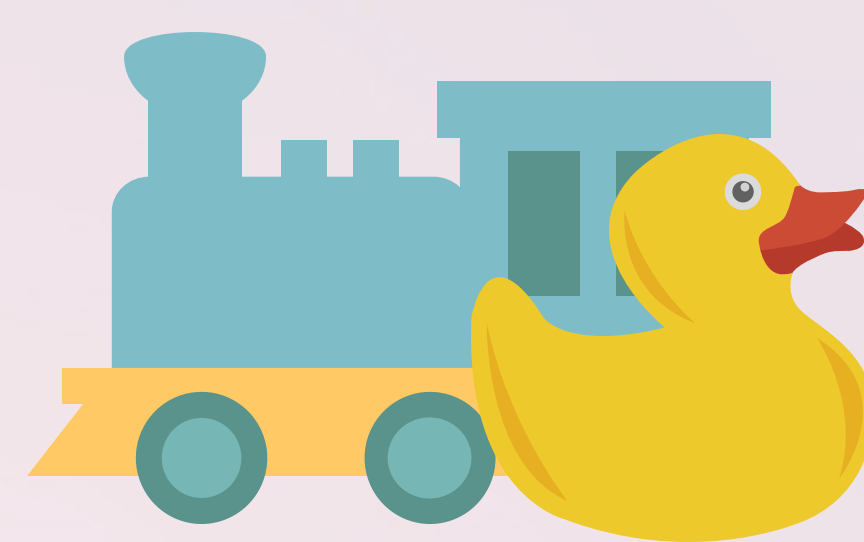
Percentage change in preschool fees over the past three years

Toronto	+ 21% (\$214)	Vancouver	+ 9% (\$80)
Québec City	+ 21% (\$31)	Calgary	+ 8% (\$76)
Longueuil	+ 21% (\$31)	Mississauga	+ 8% (\$75)
Laval	+ 21% (\$31)	Brampton	+ 7% (\$73)
Gatineau	+ 21% (\$31)	Ottawa	+ 6% (\$60)
Edmonton	+ 19% (\$139)	Halifax	+ 5% (\$42)
Hamilton	+ 15% (\$124)	Windsor	+ 4% (\$33)
Burnaby	+ 11% (\$85)	Kitchener	+ 3% (\$26)
London	+ 11% (\$99)	St. John's	+ 0%
Montréal	+ 11% (\$16)	Charlottetown	+ 0%
Saskatoon	+ 10% (\$65)	Winnipeg	+ 0%

Inflation in Canada 2014-2017 was +3.7%.
Numbers in parentheses reflect increase in median monthly preschool child care fees 2014-2017.



Universal Childcare in Ontario



All children deserve
strong beginnings

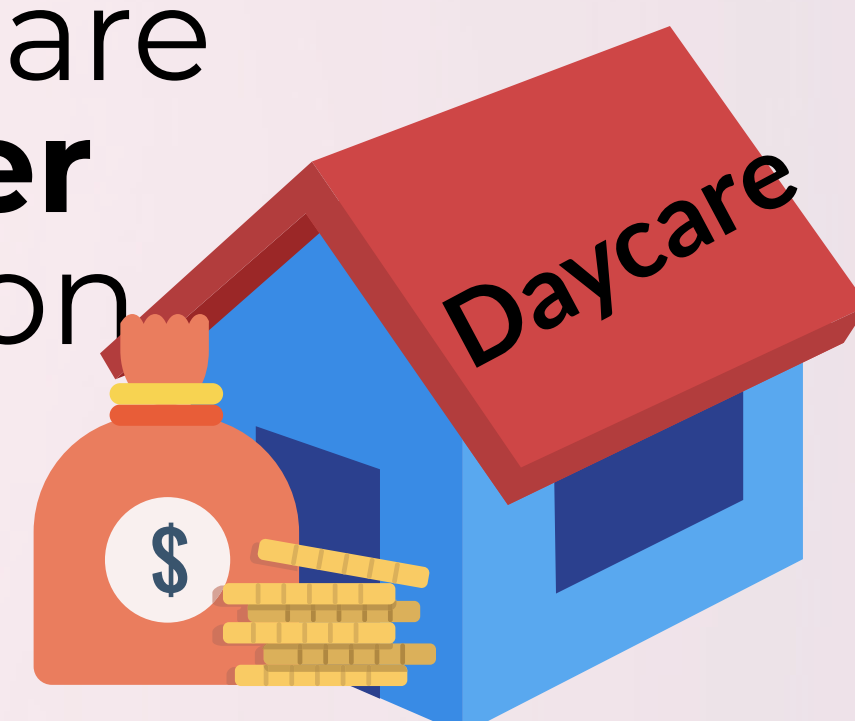
Ontario has some of the highest
childcare fees in Canada

\$21,096

The average
that parents in
Toronto paid
for infant
childcare in
2017



Childcare fees
are **high** all
across Ontario
relative to
income and are
rising **faster**
than inflation

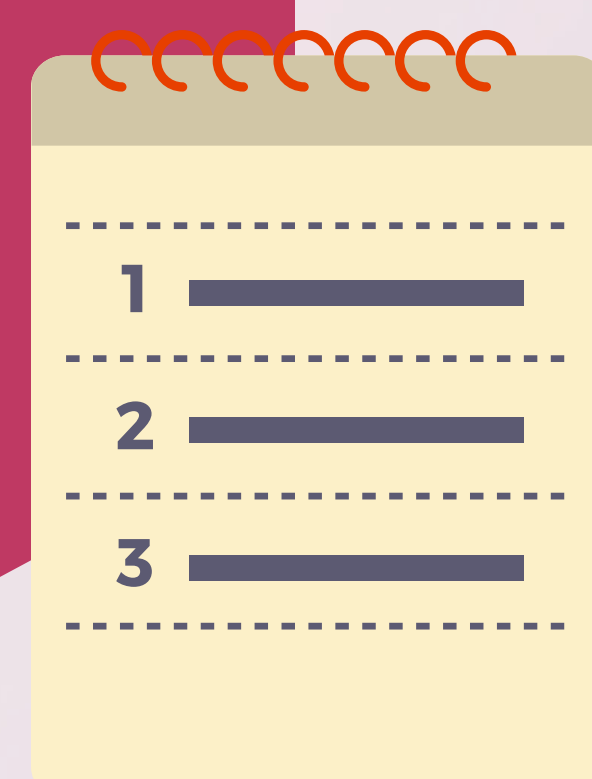


Not all families are
eligible for government
subsidy to **help** with
costs



80%

of childcare
centres in
Ontario
have a
waiting-list



**Childcare responsibilities
often fall upon women and
become a barrier to
employment**

Accessible childcare is

Affordable

High Quality

Universal



Publicly funded childcare which creates opportunities for
parents to participate in the workforce and seek higher
education is paramount to ending child and family
poverty

For more information on sources,
visit <https://bit.ly/2KgrMVV>

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CHILD CARE AND THE GENDER WAGE GAP

IN A NUTSHELL

Child care is an economic justice issue for women.

- The lack of affordable child care limits mothers' opportunities to participate in on-going, full-time work;
- The current patchwork child care market is a firmly entrenched 'female job ghetto' in which the predominately female workforce continues to be underpaid and undervalued.

THE CHILD CARE CRISIS

- Over the years, limited public funding has resulted in scarce services, unaffordable fees, low wages for educators, and inequitable access for families.
- Underfunding results in constant pressure to keep wages low, as staff wages are *directly tied* to parent fees. Mothers and ECEs bear the burden of government's underinvestment through unaffordable parent fees and low wages.
- The child care crisis is experienced more acutely by families of children with disabilities; single parents; families living in Northern, rural and Indigenous communities; families working non-standard hours, part-time or precarious jobs.

THE OPPORTUNITY

A publicly funded, universal child care system is a necessary component in closing the gender wage gap in two key ways:

For moms: A universal, low-fee child care system would support mothers' economic security by allowing them to return to work, and making their careers less discontinuous, improving their wages over the course of their working life.

For educators: A publicly funded system that supports decent work in the child care sector would reduce turnover and help women build lasting careers in the field.

WHAT WE NEED

The solution to Canada's child care crisis is a publicly funded early learning and child care system that delivers on three big ideas:

1. low fees or no fees for families;
2. decent work and pay for educators;
3. expansion of public and non-profit services.

We need the federal and provincial/territorial governments to provide a strong policy framework, sustained funding for capital expansion and direct funding for child care centres' operation.

The ECEC needs of Indigenous communities must be addressed through a distinct policy framework, developed by both levels of government and representatives of Canada's Indigenous Peoples. It must be provided equal funding.

June 2018

BY THE NUMBERS

• **\$1,000+** child care fees/ month, some of the highest among 35 OECD countries.

• **16%** of ECEs make less than \$15/hour. Another 45% make less than \$20/hr. 57% of other program staff make less than \$15/hr.

• **44%** of families live in "day care deserts" where there are three children for every one child care space.

• **70%** of child care centres in Canadian cities have waiting lists.

• **32%** of the average single parent's income goes to child care.

• **#1:** Child care was the Ontario's Gender Wage Gap Strategy Committee's first recommendation for government action.



January 2017

Better Child Care for Ontario:

Response to the Ontario Ministry of
Education's consultations on child
care and early years strategy

Trish Hennessy

The Ontario government has proposed four principles to guide the development of a provincial child care policy: accessibility, affordability, quality and responsiveness to families. We propose modifying these to: universal accessibility, affordability, high quality, responsiveness to families and public/not-for-profit.

Child care should be universally affordable to all — no child should have to miss out on quality child care and early learning opportunities because their parents cannot afford the fees. But for too many parents, the price of child care in Ontario presents too steep a barrier.

Ontario is home to the most expensive child care fees in Canada. A 2016 Canadian Centre for Policy Alternatives report shows monthly child care fees in Toronto, Kitchener, Vaughan, Markham, Ottawa, Mississauga and London are among the highest in the country. Median monthly fees for infants, toddlers and preschoolers in Toronto are the highest in Canada, at \$1,649, \$1,375, and \$1,150 respectively. Contrast those with the median monthly child care fee in Montreal: \$164.¹

Parents in Toronto can find themselves paying \$36,000 per year for regulated child care for an infant and a toddler. For many families, child care fees take up the biggest portion of their budget — more than rent, even.²

Ontario also has the distinction of being the sole province in which eligible families must join long wait lists for child care subsidies, with Toronto's wait list over 18,000 long.³ City councillors in Toronto have called on the province to invest more in child care, in order to help the city reduce its subsidy wait list. As the *Toronto Star* reported, "Although licensed child care in the city has grown by almost 15,600 spaces to more than 69,000 over the past six years, only about 2,000 more subsidies have been added."⁴

Why do three provinces — Quebec, Manitoba, and PEI — have the lowest child care fees in Canada? Their provincial governments have created policies that support affordable child care through base funding, illustrating just how much public policy matters for affordability. Fees vary predictably across the country based on provincial policy, but they are lowest in provinces that set fees rather than allowing the market to drive them.

Research into the value of Quebec’s low-fee child care system by Pierre Fortin, a professor of economics at the University of Quebec, concluded that the value of the program “is more than paying for itself ... thanks to increased employment and economic activity, it generates a fiscal surplus that can be used for tax reduction, increased spending (in health care, education, other social programs, etc.), or both.”⁵

When the government accepted the recommendation of the Special Advisor on Early Learning, Charles Pascal, to create a full-day kindergarten program as part of a seamless early learning and child care system, we applauded Ontario for leading the way on early learning. However, it is high time to make good on the outstanding recommendations and turn the province’s attention to some of the unintended consequences of creating full-day kindergarten without shoring up the province’s patchwork of child care programs.

In *A Path to Better Child Care*, a 2012 Canadian Centre for Policy Alternatives publication on Ontario child care, we mapped out a path to better child care services, noting that in the absence of universal, affordable, regulated public child care, many Ontario parents had no choice but to fall back on unregulated child care. Unregulated child care puts children at greater risk, with no public oversight to ensure children’s health and safety are protected.

A Path to Better Child Care also raised concerns about Ontario’s reliance on for-profit child care: “For-profit child care now represents more than 25 percent of Ontario’s child care spaces — a rapid increase since 2001, when it was 17 percent. The number and size of chain operations has been growing, while new mega-corporations borrow questionable tactics from Australian and U.S. child care businesses and import them into Ontario.”⁶ With the allure of substantial new public funds and without coherent public policy that breaks with our historical reliance on for-profit child care, rapid expansion in for-profit child care could very well compromise a progressive modern vision for quality, accessible child care in Ontario.

As Ontario considers a broader strategy for child care in Ontario, we point to the recommendations in our *A Path to Better Child Care* report as a guide moving forward. These correspond with the “pillars” of child care policy put forward in Ontario’s current consultation and provide advice about operationalizing them.

The future of Ontario’s child care programs should be based on a few key assurances:

Accessibility

Early childhood education and care programs should be fully accessible to all children and all families. It's clear that the market and privately owned child care won't do this — that's one of the main reasons why Ontario needs to go public. A commitment to accessibility means the province would ensure an adequate supply of child care services throughout Ontario. It means everyone could afford a good quality child care program, no matter where you live, what your income level is, the age of your children (infants, toddlers and pre-school or school-aged), whether a child lives with a disability, and whether parents need services beyond the typical nine-to-five schedule. A commitment to accessibility means everyone benefits.

High quality

Child care services in Ontario should draw from the best practices known to contribute to children's development and well being, because every child deserves high quality care and education. This means Ontario's publicly managed child care services would take into account the family's needs, such as work schedules and the goal of a healthy work/family balance. This means staff would be well trained in early childhood education and would receive wages and benefits that reflect the value of the work. It would mean Ontario's child care programs would be based on a strategic, coordinated approach to early learning that respects children and families. Children's health and safety would come well before the profit motive of a market-based system. Child care programs would take part in ongoing quality improvement so that best practices become the norm. Child care programs would be housed in physical environments that enhance children's learning and well being. Child care programs would make learning fun, since play time is how children learn. And parents would be encouraged to participate in their children's child care and kindergarten programs.

Better options

There should be a variety of services to accommodate parents' needs as well as their children's. That would include giving parents the option of enrolling their child in a program for only part of the day. It would include better options for after-hour child care needs, especially for parents who work shift jobs. It would include better maternity and parental leave packages, so that all parents could have the option of staying home during the earliest years if they prefer. Finally, all of this is premised on the idea that Ontario's provincial government would take the leadership required to go public.

Notes

- 1** MacDonald, David and Martha Friendly. December 2016. A growing concern: 2016 child care fees in Canada's big cities. Canadian Centre for Policy Alternatives. <https://www.policyalternatives.ca/publications/reports/growing-concern>
- 2** Tiessen, Kaylie. April 2015. Making ends meet: Toronto's 2015 living wage. Canadian Centre for Policy Alternatives. <https://www.policyalternatives.ca/publications/reports/making-ends-meet>
- 3** Crawley, Mike. January 10, 2017. Daycare crunch: Toronto looks to the province to boost subsidized child care. CBC News. <http://www.cbc.ca/news/canada/toronto/daycare-child-care-subsidized-ontario-1.3929545>
- 4** Monsebraaten, Laurie. January 9, 2017. Toronto urged to add more child care subsidies. Toronto Star. <https://www.thestar.com/news/gta/2017/01/09/toronto-urged-to-add-more-child-care-subsidies.html>
- 5** Fortin, Pierre. September 2015. Child care win-win: Quebec's low-fee child care programme. Canadian Centre for Policy Alternatives. https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2015/09/OS120_Summer2015_Child_care_win_win.pdf
- 6** Friendly, Martha and Trish Hennessy. September 2012. The path to better child care in Ontario. Canadian Centre for Policy Alternatives. https://www.policyalternatives.ca/sites/default/files/uploads/publications/Ontario%20Office/2012/09/Path_Better_ChildCareON.pdf

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The CCPA-Ontario office is based in Toronto. We specialize in provincial and municipal public policy, delivering original, independent, peer-reviewed, non-partisan research.

Trish Hennessy is the director of the CCPA-Ontario.

The opinions and recommendations in this response, and any errors, are those of the author.

ONTARIO 360 – CHILD AND MATERNITY/PARENTAL BENEFITS – TRANSITION BRIEFING

Greater flexibility and support for Ontario's working families

Issue

Each year in Ontario, families welcome 150,000 children by birth or adoption. One of the most pressing public policy challenges facing these families is managing the exit from, and re-entrance to, the labour force when they have a child.

The growth in the number of two-income families in the past four decades has been substantial with two-income families making up more than 70 percent of all households.¹ And the growth in female labour force participation has been a key factor in increasing economic growth in Canada.² Yet today's policies in Ontario are not sufficiently flexible on the parental leave side, and while child benefits in general have been focused on less well-off families, the federal Child Care Expense Deduction remains focussed too heavily on higher income families paying for childcare. The incoming government should therefore enact reforms to child and parental benefits to better support Ontario families.

Overview

Maternity/Parental: Temporarily exiting the labour force

Under Ontario labour law, all parents are entitled to take time off to care for a new child and then return to work. However, like all provinces other than Quebec, Ontario's policy framework relies on the federal Employment Insurance (EI) program to provide maternity and parental benefits. While that

¹ Statistics Canada, "The rise of the dual-earner family with children," May 30, 2016. Available at: www.statcan.gc.ca/pub/11-630-x/11-630-x2016005-eng.htm.

² Bengt Petersson, Rodrigo Mariscal, and Kotaro Ishi, Women Are Key for Future Growth: Evidence from Canada, IMF Working Paper, July 2017.

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program has seen some changes in the right direction, those changes have not gone nearly far enough to meet the needs of working families.³

Quebec has shown the way on parental benefits when it pulled out of the federal EI program and implemented its own program offering a system that covers more workers and provides greater flexibility to families in the province.

Childcare: Re-entering the labour force

Many families with young children struggle to find affordable and good-quality childcare. Provincial governments support childcare both through funding services to create supply and by providing cash assistance – through tax breaks, subsidies and more – that help families meet their needs for childcare. Childcare expenses are a non-negotiable cost of earning income and should receive more generous tax treatment than other family expenses. The current federal tax deduction for child-care expenses helps to alleviate some of the net costs for some families who can manage the out of pocket costs. But many families, particularly at the lower end of the income scale, end up with practically no tax relief from the current system.

A much better plan would provide more responsive tax breaks to lower income families by making a tax credit refundable and focusing the benefits at the lower end of the income scale rather than as a deduction against income. This could also complement the suite of childcare-related reforms proposed in a previous Ontario 360 transition briefing on early childhood education and care.

The need for reform

Ontario has made some useful progress on access to childcare and support for low-income families. The key focus has generally been on expanding supply of centre-based care. The government rightly boasts that the number of

³ Jennifer Robson, “Parental Benefits in Canada: Which Way Forward?” Institute for Research on Public Policy, 2017. Available at: <http://irpp.org/research-studies/study-no63/>.

licensed childcare spaces has increased by 390,000 (or 32 percent) since 2012/13.⁴

While these investments are important, the government must balance various priorities – including supporting supply and demand and providing support to those who may not use centre-based care. There is room for a more holistic set of policies to enable more choice, flexibility, and ultimately better outcomes for working parents and children.

How to move forward

The Ontario government should consider two reforms to better support working families to exit and re-enter the labour force and cover the costs associated with childcare.

- 1) *Adopt a provincial parental insurance plan inspired by Quebec's model*

Ontario should adopt and adapt Quebec's Parental Insurance Program (QPIP) for Ontario. This means following Quebec's lead and withdrawing from the federal EI maternity/parental benefits program and levying an Ontario payroll tax to pay for the new benefits.⁵ Until and unless the federal government does a comprehensive reform to separate special benefits from EI, a new provincial plan is the best way to address gaps in the current system.

The Quebec program allows parents to choose between two options: either the basic plan or the special plan. They differ in the duration of leave and the percentage of income replaced, allowing parents to pick between lower benefits for a longer period or higher benefits for a shorter period. Presently a two-parent family can receive up to a total of 55 weeks of benefits to be used

⁴ Government of Ontario, "New childcare spaces coming to nearly 200 schools across Ontario," Press Release, December 11, 2017. Available at: <https://news.ontario.ca/opo/en/2017/12/new-child-care-spaces-coming-to-nearly-200-schools-across-ontario.html>.

⁵ Ottawa collects EI premiums for salaried workers in Quebec 0.35% of insurable earnings lower than in the rest of Canada (1.27% vs 1.63%). Quebec then collects a premium of 0.548% of insurable earnings to pay for its maternity/paternity program.

in the year after a child is born with up to 3 weeks where both parents can be on leave at the same time. Under Quebec's special plan, the same family receives up to 43 weeks of benefits but at a higher benefit rate, during the same year. The federal government has recently adopted a similar approach in letting parents choose to spread the same EI maternity and parental benefits over either 12 or 18 months.

Others have pointed to Quebec's reserved leave for fathers as a positive feature. While it has increased the rate at which fathers in the province claim benefits, we do not yet have compelling evidence that it has had the hoped-for effects on gender equity in unpaid care and paid work. Again, the federal government has announced that, beginning in 2019, second parents will have access to a similar reserved benefit.

But Quebec's provincial plan has other important features that the federal EI system does not:

- Nonstandard employment (part-time and contract work, self-employment and freelancing) is not well-recognized in the federal model. Self-employed workers can, with enough advance planning, choose to opt into the federal EI system and collect benefits if they meet the minimum contribution and earnings requirements. But Quebec's system covers all workers by default, regardless of whether they are in standard or non-standard employment, and, with more and more of these jobs becoming common practice, fewer parents will be covered under the federal program.⁶
- More than one in five new mothers outside Quebec work in the year before giving birth or adopting but does not meet the EI eligibility test of working at least 600 hours (or about 4 months full-time) in insured employment and, as result, miss out on EI benefits, even if she has paid into the system. By contrast, Quebec's system makes it easier to qualify based on a low earnings threshold of \$2,000. For a minimum wage worker today in Ontario, this would mean working about 143 hours to qualify.

⁶ Robson, 2017.

- When employers agree, Quebec's labour laws let a parent pause their leave and benefits to go back to work temporarily, if or when it makes sense for their family. By contrast, the federal system imposes a very low cap on the amount of work a parent can do while on parental benefits and, otherwise, asks parents to cancel their claim for benefits if they want to work for a brief time.

Under proposed legislation⁷, Quebec is considering adding even more flexibility to:

- Let parents use their benefits over two years instead of one, and extending the time within which birth mothers can claim maternity benefits, allowing parents more choice on when to work and when to take time off.
- Let parents bank up to 10 days of benefits to be taken later on, since parents often need to take time off work as kids grow into pre-school years and beyond.
- Offer more weeks of maternity benefits to mothers who have multiple births, recognizing the unique circumstances when delivering more than one infant at a time.

Taken together, there are real advantages for a province that is willing to take parental benefits out of the federal EI system. Namely, Ontario would get to design a system built for today's families. The incoming government should learn from Quebec's experience and design "made-for-Ontario" parental benefits regime.

2) *Rebate for up to 75 percent of childcare costs*

The existing federal Child Care Expense Deduction (CCED) allows families to reduce annual taxable income by up to \$8,000 for children under 6 and \$5,000

⁷ For an English-language summary and link to the text (in French) of the bill, see: http://www.rqap.gouv.qc.ca/quoi-de-neuf_en.asp?idDoc=142758.

for children 7-16. As a deduction, the CCED is more valuable to families paying higher tax rates. This must be deducted from the income of the lower income parent and cannot exceed two-thirds of the income of the lower earning spouse. In principle, the CCED is available to all two-income families, but because it is a deduction rather than a refundable credit, and because of the two-thirds and lower income spouse rules, the CCED is significantly more generous to higher income families. Sixty percent of low-income families are affected by the two-thirds rule, reducing the benefit they can claim.⁸ Because the province currently, for provincial income tax, simply passes on the federal measures, it also passes on the same vertical inequity in the tax treatment of childcare expenses.

Media reports suggest the annual cost of childcare in Toronto is over \$20,000 a year per space.⁹ In Toronto alone, there are tens of thousands of children in low and modest income families who, whether or not they are able to access to subsidized childcare space, may not see any real tax benefit from the existing federal income tax deduction.

The risk is that, when families do not qualify for a subsidy and cannot afford childcare using existing tax measures, mothers will reduce their paid work just to make up the gap. That represents a significant loss to Ontario's economy.

If the current provincial share of the CCED was converted to a generous and progressive refundable rebate for childcare expenses¹⁰, it could alleviate the current limitations for lower income parents who are hurt by the two thirds income replacement of their spouse and for middle income families who are limited by the amount they can claim per child. It would go a long way to helping middle-income families who cannot afford the high cost of childcare in Ontario but don't qualify for public subsidies.¹¹

⁸ Laurin and Milligan, 2017. See Table 1.

⁹ Ben Spurr, "The high cost of child care keeps many Toronto families in poverty," Toronto Star, May 10, 2015. Available at: <https://www.thestar.com/news/gta/2015/05/10/high-cost-of-child-care-keeps-many-toronto-families-in-poverty.html>.

¹⁰ The credit would net out the federal CCED.

¹¹ Laurie Monsebraaten, "Vast majority of Toronto parents can't afford daycare," Toronto Star, October 18, 2016. Available at: <https://www.thestar.com/news/gta/2016/10/18/vast-majority-of-toronto-parents-cant-afford-daycare.html>.

The rebate would be modeled on Quebec's refundable childcare credit, as described and modeled in a CD Howe Institute paper by Alexandre Laurin and Kevin Milligan. Laurin and Milligan's model provides a rebate of 75 percent of childcare expenses for families with incomes below about \$35,000. The rebate falls to 26 percent for families with incomes above about \$155,000 (See Appendix).

The Quebec rebate is available for up to \$9,000 for each child under 7; \$5,000 for each child between 7 and 15; and \$11,000 for children "who have severe and prolonged impairment in mental or physical functions."

Using the tax system to subsidize childcare will have a significant and positive effect on female labour force participation.¹² More women working will create more tax revenue for the government and cut the cost of the rebate. Based on Laurin and Milligan's estimates, the rebate would enable 36,800 additional women to join the labour force in Ontario.¹³

Although the policy in Quebec is delivered as a refundable tax credit through their standalone provincial income tax system, the Ontario Childcare Benefit could be designed to provide rebates to families who qualify for amounts based on reasonable income and benefit thresholds. For example, a family with two children under six years old could qualify for up to \$1,125.00 per month even if they owe no taxes and could claim no CCED. This money should be available to them on an ongoing basis rather than waiting over a year for their annual tax return. For example, the Ontario Trillium Benefit is delivered as monthly payments above a threshold and would be the model for doing this for the proposed childcare benefit. This would make childcare more affordable for lower income families when they need it, rather than just at tax time. It would also be a good demand side complement to current policies to add more spaces in Ontario.

¹² Lauren and Milligan, Footnote 1.

¹³ Ibid.

Conclusion

The next Government of Ontario can enact important policy changes that would make provincial policy more responsive to the needs of families in the province. We know that families and the economy do best when families have access to both 1) paid, job-protected leave to care for a new child, and 2) affordable childcare. The two have to go hand in hand. The province has made progress – for example in making subsidies more portable, and by increasing and streamlining child benefits. The province should add to this by making the best use of provincial tools and systems, to ease the transition out and back into work when families have children.

Ken Boessenkool is a Founding Partner of KTG Public Affairs and Jennifer Robson is an Associate Professor of Political Management, at Carleton University

APPENDIX: Ontario Childcare Rebate

Family Income (\$)		Rebate (%)	Family Income (\$)		Rebate (%)	Family Income (\$)		Rebate (%)	Family Income (\$)		Tax Credit Rate (%)
More than	But not more than		More than	But not more than		More than	But not more than		More than	But not more than	
0.00	34,800.00	75	43,830.00	45,110.00	67	95,380.00	136,925.00	57	146,015.00	147,310.00	40
34,800.00	36,090.00	74	45,110.00	46,390.00	66	136,925.00	138,230.00	54	147,310.00	148,595.00	38
36,090.00	37,385.00	73	46,390.00	47,695.00	65	138,230.00	139,525.00	52	148,595.00	149,900.00	36
37,385.00	38,665.00	72	47,695.00	48,985.00	64	139,525.00	140,820.00	50	149,900.00	151,195.00	34
38,665.00	39,955.00	71	48,985.00	50,270.00	63	140,820.00	142,120.00	48	151,195.00	152,505.00	32
39,955.00	41,240.00	70	50,270.00	51,555.00	62	142,120.00	143,420.00	46	152,505.00	153,800.00	30
41,240.00	42,545.00	69	51,555.00	52,850.00	61	143,420.00	144,710.00	44	153,800.00	155,095.00	28
42,545.00	43,830.00	68	52,850.00	95,380.00	60	144,710.00	146,015.00	42	155,095.00	or more	26

ONTARIO 360 – EARLY CHILDHOOD EDUCATION AND CARE – TRANSITION BRIEFING

A new strategy to expand high-quality and affordable early childhood education and care in Ontario

Issue: child care demands far outstrip supply

Ontario families face enormous challenges in finding and paying for early childhood education and care (ECEC) services. The province has the highest child care fees in Canada – with Ontario parents paying an average of \$1,236 per month for infant care and as much as \$1,758 in Toronto.¹ These prohibitive costs can have various economic and social consequences – particularly for low income families. Although Ontario’s child care subsidy system is comparatively generous and accommodates a wider range of incomes than in other provinces, it is not an entitlement and families can wait a long time to secure a subsidy. Research has demonstrated that addressing high costs and long waitlists for ECEC services can improve childhood outcomes and also maternal labour market participation.

Therefore, the incoming government will need to enact a robust strategy to expand access to high-quality, affordable child care in Ontario – including (1) a path to oversight and licensing of unlicensed home child care providers, (2) more seamless day programming at schools, (3) higher wages and better professional development for child care providers, and (4) an update to the current parameters of subsidy benefits including relaxing work requirements for low-income families.

Overview: Ontario’s current child care model

There are four main types of child care in Ontario: (1) licensed child care centres, (2) before- and after-school programs, (3) licensed home child care, and (4) unlicensed home care.

¹ Laurie Monsebraaten, “Parents want child care to be provincial election issue,” Toronto Star, February 21, 2018. Available at: <https://www.thestar.com/news/gta/2018/02/21/parents-want-child-care-to-be-provincial-election-issue.html>.

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The province has made some progress in building new child care spaces and expanding school-based programming. Provincial and municipal spending on child care has almost tripled since 2003 to more than \$1.44 billion, and the number of licensed child care spaces has doubled to more than 406,000.²

Yet, high costs and waitlists persist. A 2017 study by the Canadian Centre for Policy Alternatives found that child care fees are still rising faster than inflation and that Ontario cities such as Toronto, Mississauga, Brampton, Vaughan, Markham, London, and Ottawa remain among the costliest for child care in the country.³

Due to these high costs and long wait times in the first three types of child care, many families must turn to unlicensed child care (the exact number of which is unknown). The Ontario government enacted a new law and accompanying regulations to establish better standards for unlicensed providers in 2014. *The Child Care and Early Years Act* set out, among other provisions, new rules for the number of children in care at any given time and new oversight and compliance measures to incentivize licensing. But licensing remains optional in Ontario and every other Canadian jurisdiction.

The upshot is that, despite some progress, the steady demand for child care is putting tremendous strain on the province's current capacity. New funding commitments from the federal and provincial governments (including in last month's budget) foretell further progress. But the needs are significant, and the level and affordability of care differs a great deal across the province. Incremental resources are a necessary yet insufficient condition for better child care quality and higher maternal labour force participation.

2 Gordon Cleveland, "Affordable for All: Making Licensed Child Care Affordable in Ontario: Final Report," prepared for Ontario Ministry of Education, Appendix C, February 2018, unpublished.

3 David Macdonald and Martha Friendly, "Time Out: Child care fees in Canada 2017," CCPA, December 2017. Available at: <https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2017/12/Time%20Out.pdf>.

The need for reform

The case for reform is thus clear. But there are different factors that must be considered in developing an evidence-based ECEC strategy. Expanding access to these services can exacerbate other inequalities if attention is not paid to issues of cost and quality. For example, in Quebec where costs are low for everyone, children from low-income families are still more likely to be in lower quality care even though they would benefit most from high-quality care. On the other hand, attempts to reduce the cost of care for parents can negatively affect the wages of the predominantly female ECEC workforce. Any proposals to expand the ECEC system must therefore factor in issues of affordability across income groups, quality of services, and the (still) deeply gendered aspects of care work.

The central goal that many have discussed is to increase the availability of high quality centre-based spaces for children and to make that care affordable. The current government's recently-announced scheme to offer free full-day licensed child care to all children starting at age 2.5 until kindergarten is an ambitious proposal that goes part of the way to building child care for all families who desire it. Research in Canada^{4,5} and elsewhere⁶ has shown that centre-based care is generally of higher quality than home child care and policy makers should keep the goal of creating more high-quality spaces top of mind. Yet, even if the current proposal were to be implemented, it would not cover all child care needs, especially for infants and toddlers. There is not sufficient capacity within the system to accommodate the kind of demand that government-funded infant and toddler child care would generate, and access for low income families would suffer most.

4 Christa Japel, Richard E. Tremblay, and Sylvana Côté, "Quality Counts! Assessing the Quality of Daycare Services Based on the Quebec Longitudinal Study of Child Development," IRPP Choices, Volume 11, Issue 5, 2005. Available at <http://www.irpp.org/choices/archive/vol11no5.pdf>.

5 Hillel Goelman, Gillian Doherty, Donna S. Lero, Annette Lagrange, & Jocelyne Tougas, "Caring and Learning Environments: Quality in Child Care Centres across Canada.:" You Bet I Care! Centre for Families, Work and Well-Being, University of Guelph, Canada, 2000.

6 Daphna Bassok, Maria Fitzpatrick, Erica Greenberg, and Susanna Loeb, "Within-and Between-Sector Quality Differences in Early Childhood Education and Care." Child Development, 87 (2016), 1627-1645.

How to move forward

Taking into account concerns about access, quality, and equity, we propose four policy solutions that complement current proposals to improve ECEC services in the Province of Ontario. Think of it as a four-point plan for an evidence-based ECEC strategy for Ontario.

First, even if the current Ontario budget proposal were fully implemented, families will still need to rely on home child care, a portion of which is unlicensed. To improve the quality of home child care as soon as possible, we propose that the government create a path to individual licensing and oversight for home child care in Ontario and require that all such care be licensed, no matter the age of the child. The shortage of infant child care centre spaces in particular has pushed many families to use home child care. And unlicensed care – because it is the least expensive – may be the only available option.

Currently, the only way for a home child care provider to get licensed is through a provincially licensed home child care agency which acts as an umbrella organization providing oversight and support. However, agency licensing is expensive and for various reasons many providers opt out of that pathway as they can operate legally without a license. Even dog walkers who walk four to six dogs in Toronto need a permit to operate, yet a home child care provider does not. The lack of oversight is especially troublesome as providers care for children who are, by virtue of their age, a vulnerable group.

For this model to be successful, it is imperative that licensing be coupled with a strong oversight and support framework. To be licensed, we propose that all home child care providers must undergo annual health and safety checks including an in-home quality assessment conducted by independent, trained observers, and participate in regular visits at a nearby centre such as an Early Years and Child care Centre. The centre staff would provide professional development opportunities, be able to observe and support each child's development, and conduct in-home visits. Elsewhere⁷ we have developed a

⁷ Petr Varmuza, Michal Perlman, and Linda A. White, "What Kinds of Child Care Do Canadian Parents Use? Implications for Demand and Oversight." Paper presented at the Atkinson

model that demonstrates that the cost of administering this licensing and support system would be much lower on a per provider basis than the costs associated with the current agency model. While this proposal disrupts the status quo, surely greater support and accountability in the delivery of services for children and families is something that people from across the political spectrum can get behind.

Second, we suggest the Province adopt the 2009 Pascal Report recommendation that all school boards provide extended day programs as part of a “seamless day.”⁸ This recommendation builds on the existing school infrastructure as well as the talents of trained early childhood educators. Some Ontario school boards, such as Waterloo Region District School Board, have already created seamless day programs, where early childhood educators who teach in the kindergarten classrooms also run the schools’ programs operating outside school hours from 7 am to 6 pm. As of September 2017, all Ontario school boards have been required to offer before and after school programs for students in kindergarten to Grade Six where there is sufficient demand. But most boards still contract with third party providers and spaces are scarce, especially in large urban centres such as Toronto where long waitlists mean not all parents who want a space for their child can get one.

Third, as a complement to these two proposals, we argue for further wage enhancements to child care providers tied to improved training and professional development. Women – often immigrants and women of color – are the vast majority of ECEC workers.⁹ This sector has long been underpaid.¹⁰ As a society we have not valued the work that other people do to care for our children. If we truly wish to invest in ECEC, increased professional

Summer Institute, Toronto, 2 June 2017. Online:

http://www.oise.utoronto.ca/atkinson/Events/2017_Events/Summer_Institute_2017/index.html.

⁸ Charles Pascal, “With our Best Future in Mind: Implementing Early Learning in Ontario,”

Report to the Premier by the Special Advisor on Early Learning, 2009. Available at:

http://ywcacanada.ca/data/research_docs/00000001.pdf.

⁹ Paul Irish, “Men stand out as daycare workers,” Toronto Star, February 7, 2013. Available at:

https://www.thestar.com/life/parent/2013/02/07/men_stand_out_as_daycare_workers.html.

¹⁰ A 2016 survey found that those working in full-day kindergarten earn between \$20 and \$26 an hour and those in the community where median wages are about \$16.30 an hour. Laurie Monsebraaten, “Daycare workers getting second pay raise in two years,” Toronto Star, January 22, 2016. Available at: <https://www.thestar.com/news/canada/2016/01/22/daycare-workers-getting-second-pay-raise-in-two-years.html>.

development accompanied by higher wages would improve the quality of care provided to children. It would also take a step towards addressing a major source of pay inequities in Ontario, as women tend to be clustered in the province's lowest paying sectors, child care being one of them.

Fourth, increased affordability of high quality child care is essential to improving work force participation, gender equity and better child outcomes. However, increased affordability without accompanying system growth presents a danger that demand will far outpace availability and would negatively affect those children and families who would benefit most from access to high quality care. None of the components described above can be introduced in isolation, nor can they be achieved instantly.

Thus, a planned transition should focus on those least able to afford child care now. As the supply of physical spaces increases, so could the range of families directly benefiting from affordable child care. In the short term, improved affordability could be accomplished simply by updating the parameters of the current subsidy income test that remain unchanged since its inception more than a decade ago. This should be accompanied by removing the employment activity requirement for parents whose income falls below the poverty line. This will ensure that children who can benefit most from high quality ECEC services receive them and it will eliminate the instability that is caused if these parents lose their job – and their child care benefits – before they are able to find other employment.

If we want to provide the Province's children – from every neighborhood and circumstance – with adequate care, then we should build out “spokes” from the “hubs” of already existing community and public programs – such as schools, community centres, and early years centres. Our policy recommendations offer four such spokes. Making progress on child care solutions not only improves the lives of children but also enables women – who even today are still expected to shoulder the vast majority of child care – to participate actively in the work force.

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