



# Child Care and Early Years in Ontario

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Planning for Successful Outcomes

April 10, 2019

Investments in child care and early years programming make good economic sense for Ontario. They help families and communities thrive by making work possible and facilitating learning in the early formative years. In all communities whether urban, rural or northern, child care systems help attract and retain the skilled workforce needed to grow local economies. At the same time, children are able to develop their potential to get their best start in life.

AMO is committed to working with the Province to expand access to more affordable, high quality, and safe licensed child care for the people of Ontario. Therefore, the following advice in this document to the government is provided to inform the developing plan. In providing these suggestions, an assumption is made that the provincial government will, at some point in the future, implement a child care tax credit.

The recommendations in this submission are based on analysis and advice provided by the Ontario Municipal Social Services Association (OMSSA), the staff association representing municipal service system managers in Ontario responsible for administering and co-funding child care and early learning programs. The provincial government is encouraged to work with their system manager partners and municipal co-funders to jointly design and implement the plan.

### **Affordability**

The affordability of child care is top of mind for families in Ontario. There are many means by which greater affordability of licensed child care options are attainable. The current system, while adequate, could use improvement and supplement the use of a tax credit if introduced. A tax credit has the potential to help many families. It will not, however, necessarily increase access to more licensed child care. Some will use the tax credit to recover fees paid to unlicensed child care. Attention is needed in the design to ensure that it helps low-income families. If the government introduces the tax credit, continuing to fund service system managers to target operating grants to providers will bring down fees. As well, fee subsidies have a continued role to play to bring about greater affordability for low-income working families. These families of modest means will not be able to upfront the cost of child care fees and wait until the end of the year for a refundable tax credit. Exploration of how the two systems of tax credit and fee subsidy will work together is needed. It will achieve the public policy objective of increasing affordability to all by maintaining the fee subsidy for very low-income earners while offering the tax credit for middle and high-income earners.

### **Recommendations:**

1. The provincial government should continue to fund service system managers so that they can provide general operating grants to licensed providers to bring down the cost of child care fees.
2. The government should maintain child care fee subsidies for low-income families and enhance it, as a complement to any tax credit introduced. The threshold should be increased to match the Low-Income Measure After-Tax (LIM-AT) thresholds, adjusted for family size and indexed to inflation.

## Choice and Availability

To improve choice and availability, continuing investments are needed to expand access to high quality, safe, licensed child care spaces across the province with fees that are affordable to the people of Ontario. A commitment to carry through to expand to 100,000 new child care spaces across the province will increase availability and choice. Doing more may be possible as fiscal circumstances allow and as federal funding may be available to leverage through bilateral agreements. In addition, measures taken to incent child care providers to become licensed will help, including reducing regulatory red tape that may serve as a disincentive. This would increase the number and proportion of licensed child care spaces. Continued flexibility for service system managers is still required to make decisions based on local need and to promote choice for families.

Focused attention is needed to reduce barriers for families of children with special needs. Sustaining and enhancing special needs resource funding to ensure inclusive support services for children with special needs is required. Further integration between schools and child care providers will further help children.

In general, the funding formula for child care is in need of review. It has been in place for a number of years and an examination of its effectiveness is in order. It is critical that it serves the needs of various communities whether they be urban, with fast growing populations, or rural, northern and remote where sustainability and viability of providers may be an issue.

As a result of the Journey Together initiative, service system managers, in partnership with Indigenous community organizations, have expanded access to culturally relevant and responsive child care spaces for Indigenous families. Journey Together funding has played a major role to enable this.

The public is not always aware of the benefits to their families in choosing between licensed and unlicensed child care. Benefits to the community include long-term social and economic impact. Better and readily available information can assist families in making more informed choices around licensed or unlicensed child care.

## Recommendations

3. The provincial government should continue the expansion of new licensed child care spaces across Ontario with sustained capital and operating funding.
4. The provincial government should work to further increase the number of licensed child care spaces by removing unnecessary barriers to becoming licensed.
5. The provincial government should review the funding formula allocation methodology with service system managers to ensure that it addresses sustainability issues for child care providers all across the province.
6. The provincial government should enhance special needs resource funding to meet social inclusion goals of all children within the system.

7. The provincial government should maintain Journey Together funding to meet the needs of Indigenous People within the system.
8. The provincial government should undertake a public awareness campaign about the benefits of licensed child care to children, families, and communities.

### **Reducing Red Tape and Administrative Burden**

Streamlined funding and reporting is more efficient, reduces administration, and saves money that could go to front-line service for children and their families. Continued work with service system managers to streamline and reduce reporting requirements to do only what is necessary to demonstrate accountability for outcomes and provide relevant data for evidence-based decision-making will yield benefits. A goal should be to reduce duplication in data reporting, aligning reporting requirements from various governments, and ensuring the same data is being requested across human service programs, with consistent definitions, language, and reporting methods.

#### Recommendations:

9. The provincial government should work with service system managers to reduce the administrative reporting burden and shift resources to front-line services.
10. The provincial government should pursue funding simplicity and flexibility for service system managers, by streamlining child care and early years funding into a single envelope.
11. The government should explore, with all relevant ministries, the development of an Ontario-wide system for all municipal data reporting across human services programs.

### **Improving Quality**

Improving quality on a continuous basis is a worthy goal. Doing less will do a disservice to children and families in Ontario. Efforts to build capacity in the system will help as will developing the labour force of qualified staff to work in child care and EarlyON Centers. As well, there are issues of attracting and retaining an adequate supply of Early Childhood Educators (ECEs). This is particularly acute in some areas of the province more than in others. There is a role for the Province to play to help address these issues working with service system managers.

12. The provincial government should look to innovative ways to support continuous improvement and sector capacity including continuing to support the Centers of Excellence model.
13. The provincial government should maintain wage enhancements for Early Childhood Educators (ECEs) in the sector to address challenges of recruitment and retention.
14. The provincial government should work with the College of Early Childhood Educators on a province-wide recruitment and retention strategy to address the shortage of Early Childhood Educators (ECEs) in Ontario.