

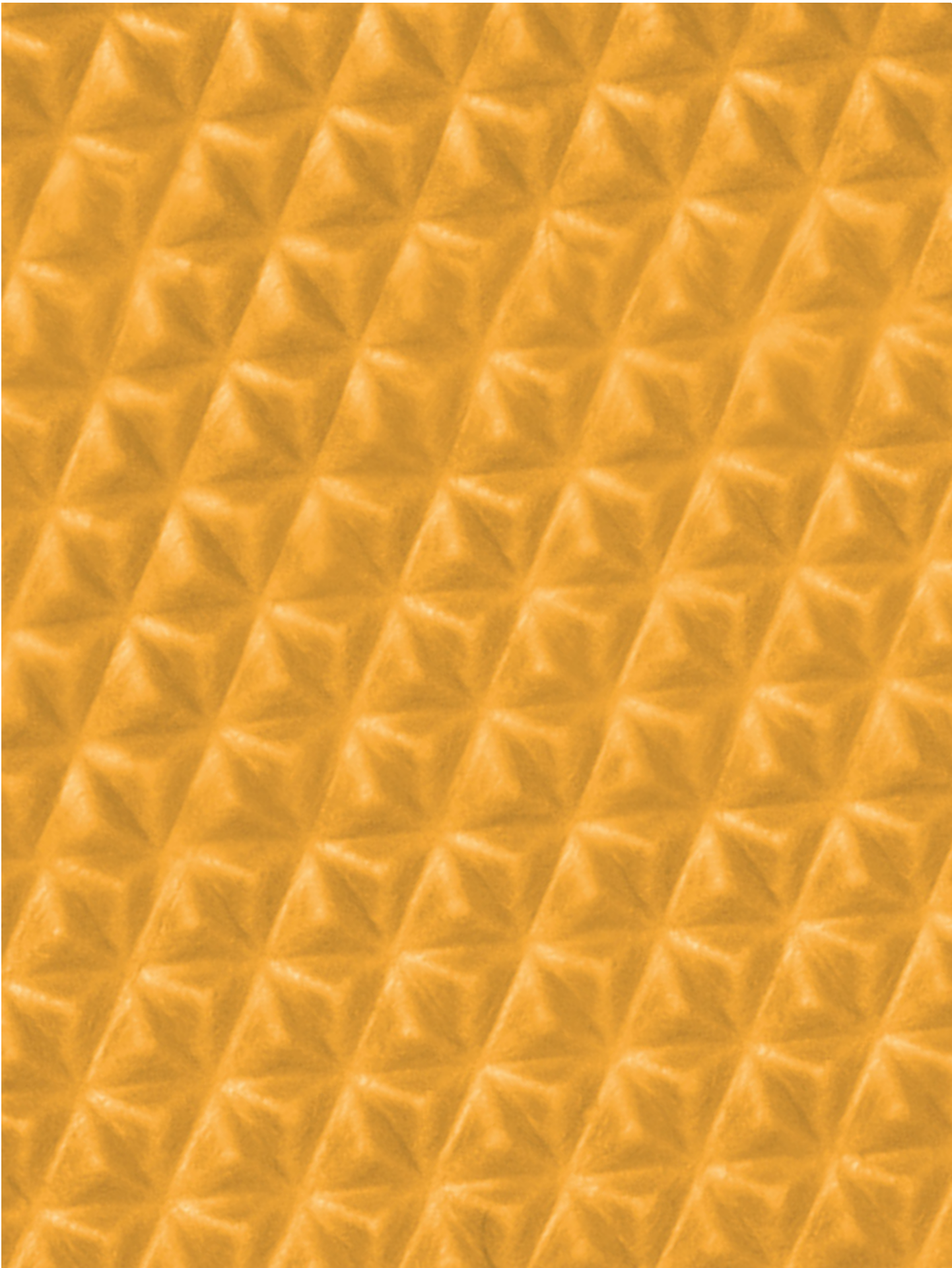


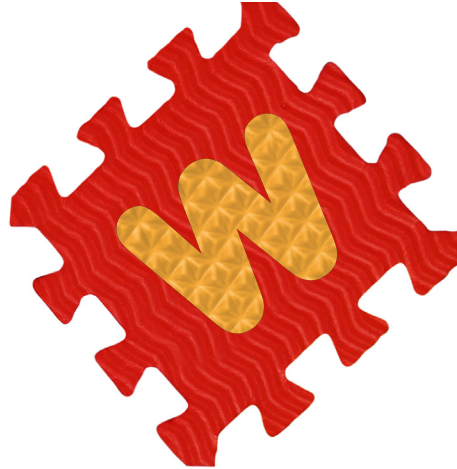
# Childcare SOS:

A call for the Ontario  
government to take action

**CUPE**

**CUPE SCFP**  
Ontario





# Why SOS?

Childcare in Ontario is in crisis. The optimism generated by Premier McGuinty's initial commitment to Full-Day Early Learning in 2007 has been replaced by alarm as centre closures, sky-high parent fees, two-year long waiting lists for subsidies and spaces and for-profit operations now define Ontario childcare.

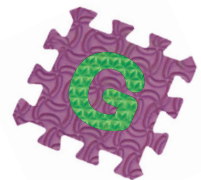
Despite abundant advice from experts and community members, only the Full-Day Kindergarten (FDK) element of the “extended and integrated Full-Day Early Learning program” was implemented with little financial or policy support for childcare. Instead, FDK was layered on top of the “unsolved web of problems” plaguing childcare – massive under-funding, provincial dollars flat-lined for close to two decades, subsidy shortages that leave most families out and no provincial early childhood education and care (ECEC) plan or policy.

If there is no emergency action to salvage needed services and begin planning for a real childcare system, high quality ECEC options for Ontario's children and families will be far fewer now and in the future.

## Goals, smart policy, immediate action

Many Ontarians have an interest in ensuring that ECEC is strengthened, not irrevocably weakened. Many of us have long advocated for a universally accessible, high quality, publicly-funded, public and non-profit childcare system with a variety of goals in mind:

- Early education;
- Smart economic/workforce policy;
- Equity;
- Social justice and fighting poverty.



While we support the Ontario government's reconceptualization of childcare as "Learning in Ontario", we believe that the shift of childcare into the Ministry of Education requires concrete action, not just new terminology. And while we fully recognize that a 21st century Ontario needs a comprehensive transformation of ECEC funding and policy in the longer term, we also believe that short-term emergency action is absolutely necessary.

## Short-term actions

**We propose the following short-term actions in response to the current crisis in childcare:**

- **An immediate commitment of emergency funding in the 2012 budget;**
- **An immediate halt to licensing new for-profit childcare operations;**
- **Indexation of childcare transfer funds from the provincial government to municipalities;**
- **A commitment to begin to develop a full modern ECEC policy framework, to be completed within the next two years.**

## Background and context

At one time, Ontario was Canada's ECEC leader. But successive provincial governments failed to modernize out-dated approaches as new knowledge about best policy practices became available throughout the 1990s and 2000s. Thus, when the Premier's Special Advisor on Early Learning tabled a proposal in 2009 for an integrated comprehensive ECEC policy framework for children aged 0-12 and their families, it was welcomed by groups and experts across Canada.

In 2010, childcare moved to the Ministry of Education as the first stage in "Learning in Ontario". After FDK was ushered in, however, it swiftly became clear that the provincial

government had little appetite for moving forward with the childcare elements of the Special Advisor's proposal or for modernizing Ontario's archaic childcare funding arrangements.

Groups such as the Ontario Municipal Social Services Association (OMSSA) note that the transition to FDK is but just one pressure generating the current crisis. Other key elements of the "unsolved web of problems" include:

- Un-indexed (to inflation) provincial transfer payments to municipalities for childcare;
- Depletion of municipalities' "reserve" childcare funds;
- General fiscal pressures on municipalities;
- Lack of a rational provincial plan for adequately developing, funding and managing a true childcare system.

These features—together with the absence of sufficient resources and plans to manage the transition to FDK—have come together to create a "perfect storm" for childcare in Ontario

## Multiple pressures on families and children

In practical terms, this means that 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 most immediate impacts include:

- Centre closures across the province, so that families have less choice, there are no services in some areas, and the opportunity for planning and re-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.

## For-profit sector taking advantage of the crisis to expand

In the midst of the current service chaos and policy void, for-profit childcare is taking hold in a new way. This is a concerning issue as the research literature shows that for-profit childcare is more likely to be poorer in quality and to provide poorer access than public and non-profit childcare. As well, experience in Australia and the UK shows that when corporations dominate childcare, parent fees soar and governments make hefty payouts to support shareholders' profits. As expansion of non-profit childcare has grown at a snail's pace and publicly-delivered childcare has shrunk, the for-profit sector in Ontario has grown steadily since about 2004, increasing from 17% to 25% of centre-based spaces.

## Rapid expansion of corporate for-profit child care

Most alarming is the advent of new well-financed corporations taking advantage of the childcare policy void for rapid expansion by acquiring struggling small operators. Today for-profit chains of five, ten or even more centres have become commonplace in Ontario. Canada's first childcare corporation traded on the Toronto Stock Exchange (TSX) has concentrated on buying local chains in several provinces, including Ontario. With funds from mainstream bank and large investors including real estate interests, it has grown to a chain of forty-four centres in less than a year and a half.

## A whole new world: corporate childcare, real estate firms and buy-out offers

In other countries where for-profit, corporate childcare has expanded rapidly, acquisition agents are used to find and offer buy-out offers to local childcare centre owners as the corporation seeks to establish market share. Partnerships with real estate firms dramatically aid expansion of for-profit childcare as centres are opened in communities and complexes where investors are able to acquire or develop property.

These techniques are reminiscent of those used by US childcare firms as well as Australia's ABC/123 conglomerate that grew to monopoly status before its multi-company empire collapsed at considerable cost to the national government.

## What a good ECEC system can do

Today it has become axiomatic that early childhood education provides child development and educational benefits; the research is clear about the benefits of quality ECEC for children from somewhere between age two and three years. But the benefits of a well-designed system of high quality ECEC are much broader, and the equation somewhat less simple.

## Quality ECEC benefits child development

The child development research shows quite clearly that ECEC confers a number of educational/developmental benefits on young children but *only if* programs are high quality. Indeed, poor quality ECEC programs may be developmentally detrimental. These conclusions are more powerful for low-income children but apply across the income spectrum as well.

## Well-designed programs benefit the economy

Multiple studies also show that well-designed ECEC programs have quite substantial economic benefits. Recent Canadian research shows that the benefits outweigh the public investment costs of childcare, especially (as Quebec studies show) through increased mothers' employment and local economic stimulus.

Economist Robert Fairholm's research showed that every dollar invested in high quality childcare brings a \$2.54 return in short- and long-term benefits to society—that is, educational benefits as well as increased employment and job creation. British and American studies corroborate this evidence. Fairholm also calculates that \$.90 of every dollar invested would be returned to provincial and federal governments in increased revenue.

## Quality ECEC and working mothers

ECEC is sometimes presented as the primary solution to poverty and its effects. But the Organization for Economic Co-operation and Development (OECD) observes that while ECEC programs are fundamental for combating poverty, the “best practice” is universal ECEC that both allows mothers to work outside the home and provides early childhood education.

## ECEC is part of social justice

Finally, accessible high quality ECEC is fundamental to a variety of social justice, equity and human rights issues including women's equality and respect for diversity. Several major United Nations agreements and conventions—the Convention on the Rights of the Child (CRC), the Convention on the

Elimination of all Forms of Discrimination Against Women (CEDAW), and Education for All (EFA)—recognize ECEC as a matter of human rights for both children and women. In many countries, entitlement to ECEC as a human right encompasses (though it does not replace) the economic, educational and anti-poverty considerations.

## Why relying on the market and for-profit childcare is the wrong solution

An essential piece of knowledge about ECEC policy that has been gained in the past two decades is that relying on the market and for-profit programs are the wrong way to ensure that these ECEC benefits can be realized.

Comparative analysis shows considerable differences between countries that rely on profit-making and market solutions for childcare and those countries offering publicly-planned and managed ECEC systems. These analyses show that well-planned systems are by far superior for ensuring broad access and high quality. Indeed, not one country relying on a marketized model and for-profit provision gets high marks for access and quality in international studies.

In practice, relying on the market means that quality is often not high enough to be “educational” and that economic benefits are weaker because services are not available when and where they are needed. It means that families and communities deemed “unprofitable” are often excluded, that services are not affordable and that service provision is not coordinated.

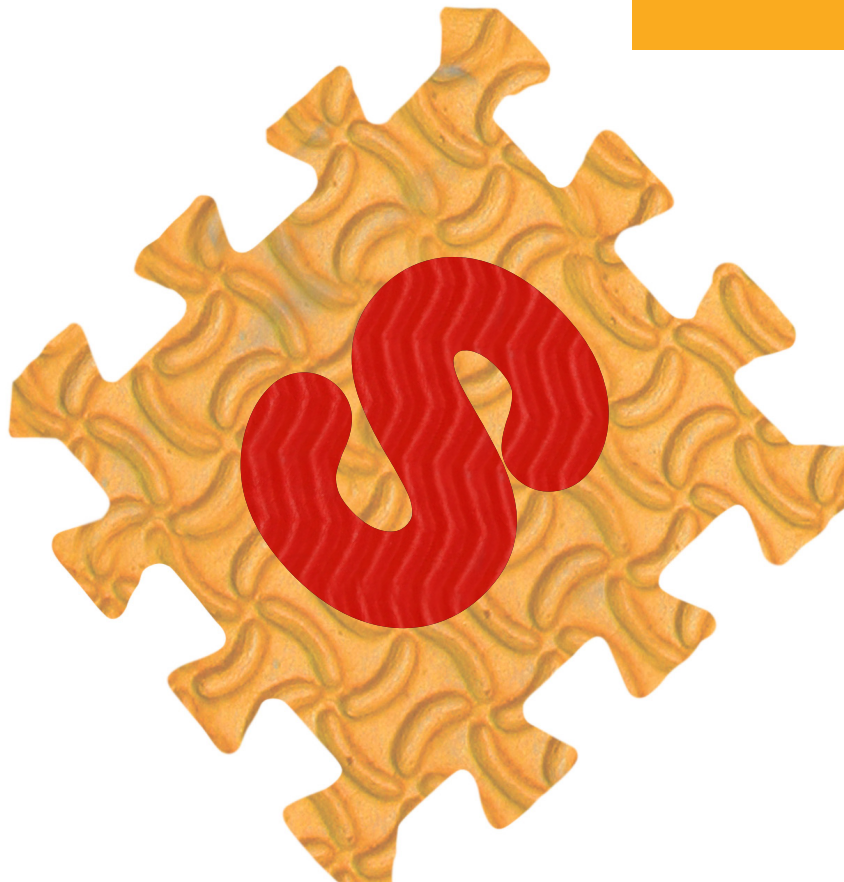
The evidence also shows that for-profit solutions cost the public purse dearly, as substantial public funds are siphoned off to shareholder profits. These public costs are not only at the expense of children and families but have been extremely costly for governments.

## What we recommend

Finally, as childcare is now part of Ontario's publicly-managed, publicly-funded and primarily publicly-delivered education system, it seems more inappropriate than ever to consign the care and education of the youngest, most vulnerable children to the vagaries of the market, especially as solid knowledge about how to do better is available.

With these considerations in mind, in the short-term we call on the Premier of Ontario, Dalton McGuinty, and his government to:

- Provide \$287 million in emergency funding this year to ensure that existing childcare services can remain viable and can transition to providing childcare for 0 – 3.8 year olds as full-day kindergarten is fully introduced.
- Immediately halt licensing of new for-profit childcare operations while a comprehensive policy framework establishing a public and non-profit ECEC system is being developed.
- Index childcare funding transferred by the provincial government to municipalities to reflect annual inflation rates.
- Commit now to begin the process of modernizing ECEC in Ontario. This will mean developing a comprehensive policy framework for a publicly-managed, publicly-funded, public and non-profit ECEC system for all children aged 0-12 years outside regular schooling, to be completed within the next two years.



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