

Minimum wage hike could spell spike in child care fees, daycare operator warns ^[1]

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EXCERPTS

Mississauga child care operator Todd Taus says he would love to give his staff a well-deserved pay raise when Ontario's minimum wage jumps to \$14 in January and then to \$15 a year later.

But the owner of Kids Zone Childcare Centre says the only way he can afford to do that is by hiking parent fees by about 19 per cent.

And that seems to fly in the face of the province's pledge last month to make child care more affordable for families.

"You can't be saying you are trying to create more affordable child care and then go and jack wages up 32 per cent," Taus said.

"We think our staff should be paid more, but we don't know how we get there. Is it through subsidies? Is it a Quebec model where everybody pays the same amount?"

Indira Naidoo-Harris, Ontario's minister responsible for early learning and child care, says the province's recent Changing Workplaces Review, which recommends an increase to the minimum wage, 10 paid sick days and a three-week paid vacation, is "good for child care workers, good for children and good for families."

"The ministry is considering the impact of the increased minimum wage as part of our continued work," she said in a statement.

"We will be looking closely at this as part of our workforce strategy and affordability review. We will also work closely with our partners to monitor the impact... and help to facilitate the transition," she added.

The affordability review, to be launched shortly, will be led by an outside expert and is expected to be complete by early 2018.

Under the province's current funding model, only low- to moderate-income families have access to fee subsidies while middle-class parents struggle to pay among the highest child care costs in the country, Naidoo-Harris noted.

Monthly fees at Kids Zone, a for-profit centre that serves 186 children from age 3-months to 6 years, range from \$1,375 for infants to \$975 for preschoolers, said Taus, whose wife Amy is co-director of the centre.

While this is cheaper than Toronto, where fees are an average of \$300 a month higher, it is comparable to other Mississauga centres, he said.

But with the proposed minimum wage increase, parent fees at Kids Zone will have to rise by at least 12.7 per cent on Jan. 1 and by another 6.5 per cent in January 2019, Taus said.

Most of the centre's 36 full-time staff and four part-timers earn between \$12.50 and \$13 an hour with a handful of long-time employees making between \$16 and \$17 an hour, he said.

"But 100 per cent of our staff will get a raise to ensure the pay grid continues to reflect workers' experience," he added.

And that means parent fees will have to go up at a time when many families are already financially strapped, he said.

“Some parents will decide to just stay home or choose less regulated options,” he predicted. “You could see a lot of (licensed) daycares close.”

Municipalities, which oversee provincial child care funding, can provide grants to boost wages, but only if staff are already earning minimum wage, said Suzanne Finn, director of early years and child care services for Peel Region.

“We are worried about the impact of the increase, and we are doing some analysis to see what it will be in January,” she said in an interview.

“The problem is everybody has different rates and everybody pays their staff differently,” Finn said. “I could make a decision to top up everyone, but that might mean I would be giving centres different amounts of money... It is a really complex problem, and I’m just trying to figure out the best thing to do. We wouldn’t want centres to close over this.”

A report on new child care funding in the region — including \$24.4 million in provincial and federal cash announced this spring — will be discussed by Peel Regional Council on Thursday, Finn said.

Toronto is also assessing the potential fallout.

“We are just starting the analysis now,” said Elaine Baxter-Trahair, the city’s general manager of children’s services. “There is no question we will have to deal with it as a budget pressure. We’re just trying to get our heads around what the quantum is at this point.”

About one-quarter of registered early childhood educators in the province earn less than \$15 an hour, notes Lyndsay Macdonald of the Association of Early Childhood Educators of Ontario, which supported the recent Fight for \$15 campaign to boost the minimum wage.

“The province definitely has to step up and define for municipalities how this should be addressed,” she said.

“A lot of the (new federal and provincial) money is going into subsidies, but not everybody has access to a subsidy,” she noted. “What is that going to look like for full-fee paying parents? It could very well put child care out of reach for them.”

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