Will your kid's daycare survive COVID-19? [1]

Many child care centres across Canada are just scraping by.
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EXCERPTS

When Tia Shkolnik's baby was six months old, she put down a deposit of more than $2,000 to secure a spot in a brand-new child care centre—even though they weren't planning on sending their daughter to daycare until she was 12 months old. "It's very hard to find a daycare placement where we live," explains Shkolnik.

By the time her daughter's first birthday rolled around in May 2020, COVID-19 had closed most daycares across Ontario, including in Vaughan, where they live. After child care centres reopened in the summer, Shkolnik wasn't comfortable sending her, because she worried about her daughter picking up the coronavirus at daycare and infecting her 60-something parents.

"My mother is not in the best of health, and I didn't want to expose my child to so many other bubbles," she says. The centre told Shkolnik they intended to keep her deposit, though, partially because they needed it to stay afloat—increased sanitization and PPE have increased their costs by 32 percent. That's given Shkolnik a whole new fear: that by the time the pandemic is finally over and she feels comfortable sending her daughter to daycare again, the centre will have shut down. "I'm very worried it will close," she says. "I try not to think about it."

That concern has been echoed by daycare owners and child care advocates across the country. They say that a combination of increased costs and empty spots left by parents choosing not to enrol their kids will prove lethal to a significant number of child care facilities that are barely holding on during the pandemic.

Maya Roy, CEO of YWCA Canada (one of the largest non-profit daycare and after-school operators in Canada), says she's worried about many of their centres closing in the spring. They've had to hire more staff, because some jurisdictions have lowered classroom teacher/child ratios, and they need more people to clean and sanitize. "We simply don't have the money for this," she says.

For-profit providers aren't immune either. "One private daycare operator I spoke to said they're $17,000 in the hole since reopening. That's not sustainable," says Roy. "A lot of owners are having conversations about how long they'll stay open."

The situation will likely vary across the country. Since COVID-19 started last March, at least 132 child care centres have closed permanently across Ontario, says Carolyn Ferns, public policy coordinator of the Ontario Coalition for Better Child Care, a group that advocates for universal child care. In Manitoba, one in eight daycares remains closed. "I think this is the warning," says Ferns. She points out that for the past decade, every year, more child care centres have opened. "But now we can see more child care centres are closing than opening, and that's with the wage subsidy and other supports. If those supports disappear, I think this is just the beginning."

Ferns says most centres have struggled to break even this year, and they're very worried about their finances looking forward, especially if federal government support (like grants and subsidies) disappears. "Child care centres are telling us they're in a very tricky financial situation," she says. "The worry is that if the wage subsidy ends, it's going to be much harder."

The long-term prospects are even harder to divine. Roy says the YWCA believes that about 20 percent of for-profit centres are at risk of going under, and for non-profits, it's closer to 50 percent. Daycares that provide before- and after-care are particularly vulnerable, as parents who are now working from home indefinitely are choosing to save thousands of dollars per year by picking up their school-aged kids at 3 p.m. themselves, instead of paying for care that extends until 6 p.m.

That's bad news for a system that's already stretched so thin that there are only enough licensed daycare spots for one in four Canadian kids. We all know the story about moms-to-be calling daycares to get on the wait-list before they even show their partner a positive pregnancy test.

"There's already huge pressure on the number of child care spaces," says Martha Friendly, executive director of the Childcare Resource and Research Unit in Toronto. "At some point down the road, we're going to recover from the pandemic. And if child care is missing when that happens, then what?"

When profit margins shrink

The idea that a daycare could go under might seem ludicrous to parents straining to pay the high costs of child care, which can run $10,000 a year for one kid in the infant room. (This usually means it's for babies up to age 18 or 24 months.) As many parents know, the total is closer to $20,000 per year in many of Canada's larger cities. But since the cost of running a daycare is so high, the profit margins are actually pretty thin. Staffing ratios, which are regulated by the government, require a set number of workers per child. That can mean that 80 to 90 percent of revenue goes to pay staff alone.

As a result, most daycares need to operate at full capacity to be viable. That has been difficult during 2020, as parents pull their kids for a variety of reasons: because they've lost their job, because they don't want to risk exposing their kids to the virus or because now that they're working remotely, it's possible to keep their kids home and save some money. And when total daycare enrolment numbers go down, that could mean that the monthly parent fees—which are already quite high—need to increase per kid to make up the difference.

"These centres operate really close to the line," says Friendly. "If they're a child or two down, it really has an impact on the budget—especially for non-profits." Additional costs, like buying PPE, hand sanitizer and disinfectant, and paying for more staff to clean, can also put them into the red. In order to open additional rooms—creating smaller cohorts or multiple small groupings of kids, to minimize the risk of COVID spread—some centres have had to hire more ECEs, even though money is tight.

Blossoming Minds Learning Centre in Toronto says they spend between $2,000 and $3,000 more a month on PPE, disposable plates, paper towels and other sanitation needs than they did before the pandemic. They've also hired five extra staff members to screen children at the front door and accompany them to their classrooms (since parents aren't allowed inside the building during the pandemic) and to help with cleaning. "Coming into the building, taking off their shoes and snow gear, all those things individual parents used to do—you need staff to do now," explains Maggie Moser, CEO and co-owner of the centre. In the fall, they also decided to install lighting and heat sources outdoors where staff meet the kids to do the daily health checks. But her biggest expense was closing down in the spring and then running at reduced capacity after reopening in the summer. Even with some aid from the federal and provincial governments, she says they spent $100,000 staying afloat—money that they had earmarked for an expansion into another building. "We're really lucky that we are in an area with a high number of families, that we had a very long wait-list and that we had that reserve fund," Moser says. She's grateful for her staff and a supportive landlord, but she knows of several other centres that have had to close down or are struggling now.

The battle for licensed spots

Canada's shortage of licensed daycare spots (there are only enough regulated child care spots for about 27 percent of the nation's kids) predates the coronavirus. That's well below the average of other countries similar to Canada, which serve closer to 70 percent of children. (Don't even think about comparing Canada to Scandinavian countries like Norway, where every child is guaranteed a child care spot from age one to five—just like all Canadian kids have a spot in public school.)

That shortage leaves Canadian families "feeling like they've won a lottery when they get a space," says Don Giesbrecht, CEO of the Canadian Child Care Federation. This is exactly how Shkolnik felt before the coronavirus hit. For now, she's decided to hire a nanny, so that she can continue visits with Grandma without worrying as much. If her daycare does end up closing permanently over the course of the pandemic, she says she probably won't be able to get into another one she likes, and will continue with the nanny instead.

Most Canadian children are actually in informal care like this—35 percent of kids receive care from a babysitter, nanny, grandparent or unlicensed home daycare. Sometimes that works out—many parents love their nanny, if they can afford one. But it's not a good system for the country. Licensed care tends to be higher quality, promotes kids' social and cognitive development and helps them enter school more ready to learn.

Armine Yalnizyan, an economist and a fellow for the Future of Workers for the Atkinson Foundation, a non-profit that promotes social and economic justice, summarizes the issue this way: "Pandemic economics means lower volumes of business and higher costs. The question is: How long can some daycares continue operating at a loss, and what parts of the child care sector will remain standing at the end of all this?"

If too many daycares close, more children will be cared for by unlicensed providers, and families will be more likely to decide that it makes sense for one parent to stay home while their children are small—and that's usually the mother.

For proof, just look to Quebec. The province introduced a subsidized system in 1997 that offered families full-time care for $5 a day (it has since increased, costing between $8 and $20 a day). While there are still some wait-lists, three-quarters of Quebec families with children under six years old are registered in daycare, and that's transformed the workforce. Roughly 70,000 more mothers went back to work as a result of child care, and the program has more than paid for itself in increased tax revenue.

"If we lose too many regulated spaces, we're poised to set women's equality back in terms of how much they are employed, what kind of hours they work and how likely they are to get promoted," says Yalnizyan. "It's the first time we have ever seen a drop in women's labour force participation rates." Earlier in the pandemic, Yalnizyan coined and popularized the term "she-cession" to reflect the fact that this recession disproportionately affects women. When women remain out of the workforce because they can't find quality child care, or feel like they can only swing a part-time job instead of a full-time one, they miss out on raises and promotions, and the gender pay gap grows. "This could make or break Canada's recovery," says Yalnizyan. When women aren't working, consumer spending drops, which will suppress the economy further.

The federal government has signalled that it is also concerned about the inequities of this "she-cession" and that it recognizes the vital role of affordable and accessible child care. In September's throne speech, Prime Minister Justin Trudeau promised "a significant, long-term sustained investment to create a Canada-wide early learning and child care system," modelled on Quebec's.In November, Finance Minister Chrystia Freeland pledged an initial $20 million to a nationwide daycare plan and said that the next federal budget (expected in spring 2021) will include specifics on what that could look like.

But for parents who are worried about their child care options disappearing, these promises sound far off. And for daycare centres already on the brink of closure, these big changes may arrive much too late.

Region: Canada [3]

Tags: closure [4]

funding [5]
