

Why Ontario municipalities also want a good child care deal ^[1]

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Ontario is one of the last provinces and territories to reach an agreement with the Federal Government under the new national Early Learning and Child Care (ELCC) program. The Ontario Premier and Minister of Education say they are making progress, but the deal on the table still isn't good enough. Ontario wants more money and recognition of its uniqueness.

Municipalities want and need a good deal too, and they want it to reflect what really is unique about Ontario– the critical role municipalities play in the child care system. Local governments are the lynchpin to a successful roll-out of the new federal program in Ontario, and their voices need to be heard and respected.

Only in Ontario are municipal governments legislated as “service managers” and responsible to plan, administer, cost-share and deliver child care and early learning programs. The province also provides funding to ninety-six First Nations for early years and family programs, and targets funds for urban Indigenous programs.

The province relies on the expertise of these 47 municipal service managers to perform many functions. These local government bodies are expected to undertake work such as:

- Developing multi-year plans
- Addressing local service needs
- Programing quality and workforce issues
- Income-testing and administering subsidies for low-income families
- Transferring operating and capital funding through service contracts with child care centres and home child care agencies, parent-child drop-in programs
- Funding and supporting Special Needs, Indigenous and French-language programs
- Directly delivering child care services and coordinating with school boards, community agencies to develop and locate new child care

Municipal Councils also make significant financial contributions to child care from local property taxes. No summary of municipal spending is available. However, a review of 2021 operating budgets for just nine of the forty-seven municipal service managers (Regions of Halton, Peel, Waterloo, York, Durham; Cities of Toronto, Hamilton, Ottawa, Windsor) shows these municipalities alone contribute \$205M to child care programs from the local property tax base. Some municipalities contribute capital funding, use development charges and leverage private development to assist in building new child care facilities. Local education taxes also support child care in schools.

Historically, Ontario municipalities contributed 20% toward the cost of child care. Under two previous ELCC agreements - Canada Ontario Bilateral Agreement on Early Learning and Child Care (2005–2006) and Multi-Lateral Early Learning and Child Care Framework Agreement and Bilateral Agreements (2017–2021), municipalities were not required to cost-share any new spaces created.

In 2020 the Ford Government reiterated its election promise to create 30,000 new spaces, but it also reinstated the requirement for municipalities to pay 20% of the operating costs of any new spaces and raised administration cost-sharing to 50%. A review of the impacts by the Financial Accountability Office of Ontario estimates that “from 2019-20 to 2023-24, transfers to municipal service managers will decline by an average of 0.5 per cent each year, as previously announced changes to cost-sharing agreements with municipalities are implemented...the FAO estimates these changes will save the Province nearly \$134 million annually by 2022-23, growing to \$160 million by 2026-27.”

These downloaded costs have led to municipal budget and service reductions, the opposite direction of a new federal plan. Ontario will want, and need, the cooperation of municipal governments if it is to meet the terms and conditions of the new ELCC agreement.

A Deal that Supports Successful Implementation

The Canada-Ontario ELCC agreement will require a Provincial Action Plan. If Ontario is to achieve its goals and municipal partners are to deliver the key components of the new ELCC program the Action Plan will need to reflect the role of municipalities and must contain

important policy and funding changes.

Ontario must immediately reverse the downloading of administration and operating costs, provide increased funding to assist municipalities and build the planning, administrative and development capacity they need to support system change and growth.

To achieve the goal of reducing parent fees by 50% in 2022, and to an average of \$10 per day by 2026, municipal service managers will require immediate, adequate and sustained operating funding, with annual increases every year. Ontario must also fund deeper affordability and equitable access for low-income families and those working non-standard hours with immediate changes to the subsidy fee scale and eligibility restrictions.

It is essential for Ontario to increase and target operating funding to help municipalities and service providers address the dire shortages in the child care workforce. Strategies to improve recruitment and retention of early childhood educators and allied workers will need to include a provincial pay equity compliant wage scale to increase desperately low wages as well as improve benefits and working conditions. Without qualified and skilled early childhood professionals, expanding the system will remain aspirational. Local partnerships between municipal service managers and post-secondary institutions will be essential.

Large fee reductions will need to be matched with aggressive expansion. To achieve the exponential growth necessary to meet service demand, municipalities, school boards and local non-profit agencies will require a huge and immediate investment of capital funding, new policy tools and innovative approaches.

A new study by economists Gord Cleveland and Michael Krashinsky reaffirms what they concluded in previous work. The new Ontario child care plan “needs to include support for dramatic expansion of non-profit child care – at least 150,000 spaces over 5 years. It needs a plan to phase-in more affordable child care, so that supply and demand increase together. And it needs plans to pay early childhood educators more so we can recruit more trained staff now.”

The City of Toronto, in anticipation of new funding from the Federal and Provincial governments under the first ELCC plan, approved its own multi-year plan in 2017, The Toronto Child Care Growth Strategy. The plan recognizes that municipalities will need to address affordability, wage increases and expansion in a coordinated way in order to manage demand and supply. The plan identifies the significant operating and capital funding necessary from all governments to achieve the plan’s outcomes.

Planned expansion solely in the public and non-profit sector, is a key feature of the federal plan, and will shape the Ontario child care system for the future. Existing for-profit centres will be grand-parented, with new accountability measures for funding existing services.

With 79% of spaces being in the not-for-profit system, Ontario is well-positioned to achieve the federal expectation of expansion in public and not-for-profit services only. Many school boards and municipalities already have policies to support expansion of non-profit and public child care only. There are already 3,000 child care centres with 295,000 spaces or 64% of licensed child care spaces in schools in Ontario.

Capital grants and pupil accommodation policies must be amended to encourage school boards to renovate existing space in elementary and secondary schools, to build child care in every new school, to purchase privately-owned land and buildings, and to change funding formulas to protect and pay the operating costs for child care space in schools.

Municipalities should be encouraged to build and directly operate new child care facilities with funding and policy incentives. A recent study of the City of Toronto Early Learning and Child Care Centres confirmed city-run child care programs not only fill service gaps in high-needs, under-served communities but also care for younger children, model best practices in program delivery, have higher levels of trained, well-compensated staff, and deliver services that are “financially efficient.”

Provincial infrastructure programs and urban planning policies should encourage building child care facilities on public land, and in new developments, particularly in public facilities like affordable housing, libraries, and recreation centres. Capital funding for community-based development must also allow for the purchase and lease of privately-owned land and buildings. Expansion of existing not-for-profit child care should be encouraged with capital and other start-up resources and services.

Finally, all governments must ensure the new agreement provides for transparency, public accountability, measurable targets and timelines, and public engagement. Too often intergovernmental funding streams can become blurred, with data kept confidential in internal provincial reporting systems. Open and regular public reporting will be necessary to build trust and evaluate progress.

Local governments want a voice and have a message

For far too long, Ontario’s municipalities have been subject to a roller-coaster of provincially-imposed policy and funding changes with unrealistic timelines. Our local governments - and the public they serve - deserve better this time.

Municipal leaders, community advocates and parents have become impatient at the lack of progress, and fear losing much-needed federal funding. Municipalities across the province (including Toronto, Ottawa, the Niagara Region, the Halton Region, Kingston, St. Catharines, and London) have produced reports, passed resolutions and sent letters to federal and provincial officials endorsing the key components of the ELCC plan and calling for a role in intergovernmental discussions. The cities of Hamilton and Toronto have considered motions to negotiate and partner directly with the federal government if an agreement is not reached with Ontario. The Ontario Municipal Social Service Organization (OMSSA) and the Association of Municipalities of Ontario have also expressed support for the national ELCC program.

The perspectives and experiences of Ontario’s municipal partners are essential to ensure the agreements support the successful implementation of new services across the province.

The Premier responded to frustrated municipal leaders with a kind of pep talk: "I'm pleading with the municipalities: don't divide and try to conquer. It just doesn't work. Let's stay united as a province... I'm not in favour of making side deals with the federal government with a municipality. That's just not right for the people of Ontario."

What is right for the people of Ontario is providing the services communities need and giving local governments the respect, recognition and resources they require to ensure they serve their communities well. Staying united means listening and involving civic leaders in the critical decisions that will impact their local communities and economy, now, and in the future. No side-deals means being transparent and accountable to the public about what Ontario has put on the table in negotiations on behalf of Ontario families.

After all, it is parents who have been pleading - for generations - for a universal, affordable, high-quality early learning and child care system - and more urgently now, for the agreement that could finally deliver it.

Region: Ontario ^[3]

Tags: municipal role ^[4]

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