

What does the national child-care deal mean for unlicensed operators?^[1]

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EXCERPTS

Nina Laitinen has run an independent, unlicensed daycare business out of her Toronto home for the past nine years – and she has no plans to change that.

Ontario has now signed on to the federal child-care deal, which promises to gradually reduce fees, starting by 50 per cent this year, all the way to down to \$10 a day by 2025. But it only applies to the licensed sector. Ms. Laitinen knows that, eventually, the financial realities will likely make it impossible for her to operate.

“The competition will be fierce, and it’s not like we’re in a position to lower our fees to that without getting subsidized,” she says.

Still, she has no plans to become licensed, a process she says is too onerous and would result in too much of a hit to her bottom line. In Ontario, home-care licensing is done through a third-party agency that then typically pays out less than someone such as Ms. Laitinen would make on her own.

“It’s a big headache,” she says.

The licensed child-care sector in Ontario currently only has capacity for approximately 24 per cent of kids in the province between the ages of zero and 12, according to the Child Care Providers Resource Network, a non-profit organization in Ottawa. The rest are looked after by parents, grandparents, nannies or unlicensed providers such as Ms. Laitinen. Persuading those unlicensed providers to become licensed could be the key to meeting the national child-care program’s ambitious expansion targets, which include creating 86,000 spaces in Ontario.

“That is one of the lowest-hanging-fruit ways that we will increase capacity,” says Don Giesbrecht, chief executive officer of the Canadian Child Care Federation.

It can take anywhere from six months to two years to launch a licensed child-care centre in Ontario, says Andrea Hannen, executive director of the Association of Day Care Operators of Ontario.

“Home-based care givers, if they have a facility already, that’s certainly a faster path to creating these spaces,” she says.

Many home daycare providers are eager to become licensed in order to participate in the federal plan.

“We’ve seen such a massive uptake from the private day-home operators that now want to become licensed that we are struggling to keep up,” says Cheryl Crowther, assistant director of Child Development Dayhomes. The Calgary-based agency has licensed 35 home child-care providers so far this year, and has a wait-list of more than 100.

Licensing agencies provide operators with a range of services and benefits, Ms. Crowther says. Those include handling all the financial components of running the business, such as collecting fees and handling grants, as well as providing liability insurance and offering training to educators.

In order to become licensed, a provider must undergo a criminal background, be trained in CPR and first aid, undergo a safety check of their home and permit monthly monitoring visits.

Becoming licensed also allows a home daycare provider to look after up to six children, one more than the maximum allowed for unlicensed operators.

It can be an attractive proposition, particularly for people who are just starting their businesses, says Julie Bisnath, program co-ordinator at the Child Care Providers Resource Network.

But many experienced providers choose not to become licensed because they value their independence and don’t want to take the pay cut that results from going the agency route, she says. That’s part of why her organization advocates for licensing to be done directly through the government.

There is no doubt that as the supply of licensed child-care spaces increases over the next few years – and as parents are able to pay drastically reduced fees – there will be more pressure on unlicensed providers.

Some will join agencies, Ms. Bisnath says. “Some will retire, some will switch careers altogether and some will remain independent and see what that brings.”

Karen Soley, who has run an unlicensed home child-care business in Milton, Ont., for 26 years, says she has nothing against getting licensed in principle, but simply can’t afford the loss of earnings.

Ms. Soley charges a flat rate of \$45 a day for each child. Were she to become licensed, the agency would pay her \$33 a day for each child under three years old and \$27 for each one over that age.

“That’s a huge cut,” she says. “It’s not worth it to us to work at that amount.”

Despite her reluctance, Ms. Laitinen, who has a degree in early childhood education, said she was happy to see Ontario sign the federal deal: “It’s good for parents and for kids, so it’s about time.”

She says so far one parent has asked whether she’ll be part of the government program, and therefore offering lower rates. But she still has parents calling all the time to see whether she has spots available.

“I’m not that worried,” Ms. Laitinen says. “I get inquires almost every day.”

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