

# GNWT 'is pushing childcare providers to breaking point <sup>[1]</sup>

Ripples of concern at changes to NWT childcare are giving way to outright opposition as the territorial government takes ever-larger steps.

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## AVAILABILITY

Access online <sup>[2]</sup>

## EXCERPTS

The GNWT says its aim is to “move quickly and pass savings on to NWT families” after reaching a deal with Ottawa that, over five years, will move the NWT toward \$10-a-day childcare.

Some childcare providers, though, say the rush to implement change – even the federal government says things are happening 10 months ahead of schedule – is leading to unethical, unfair outcomes.

Larger daycares say their independence is being eroded. Day home operators say they feel vilified by the education minister and are “confused and upset.”

And that was before the latest development.

This week, in an email titled “Funding Changes,” childcare providers across the territory were told the NWT government was shifting its position on how centres and day homes get territorial funding.

The federal subsidy, an opening move toward the Liberal government’s central commitment to \$10-a-day childcare, provides money to daycares and day homes, which then use it to subsidize the fees parents pay.

This year, the aim is to halve those fees. Once the centres get the money, they pass on the saving. This is retroactive to January 1, so providers who opt in – it’s a choice, the territorial government says – will also get money to refund a share of fees parents have already paid.

But suddenly, some providers say, there is barely a choice at all.

What did the Funding Changes email say?

Until now, the territory has kept the new federal funding – \$51 million over five years – separate from other subsidies and funding streams early childhood educators can access. Accessing one would not affect accessing the others.

In the Funding Changes email, the territory changed that. Now, providers can’t access any territorial cash without saying yes to the federal cash.

“Effective April 2022, ECE will begin linking all early learning and childcare funding programs,” early learning and childcare director Shelley Kapraelian told providers in Tuesday’s email, bolding the sentence for emphasis.

To be eligible for any other GNWT support, Kapraelian said – like the operating subsidies many providers already rely on – providers “must also participate in [the federal program] to help make childcare more affordable.”

The people receiving that email were furious. Providers are being asked to decide whether to opt in to the federal program by Friday. Some perceived the email as a blunt attempt to force their hand.

“This is a direct contradiction to ECE’s recent statements to providers that the new funding would not affect the current core funding arrangements, and comes just days before the deadline to opt in,” Patricia Davison, of the newly formed NWT Early Childhood Association, wrote in a statement to Cabin Radio on Wednesday evening.

“Providers were assured that opting in was optional. Now, with the two funding streams being linked together, the program is not optional for providers that wish to continue to receive their core funding. It now becomes a question of would you like GNWT funding – yes or no.”

One Yellowknife provider, by text message, said: “It’s insane how ECE is messing with the sector.”

Why is linking the funding a problem?

Mandating that providers take the federal funding to access any territorial support is an issue because some providers think the GNWT’s

rollout of the federal program is already interfering with their ability to operate.

To access the federal program, providers have to agree to raise their fees by no more than 2.3 percent this year. In subsequent years, providers won't be allowed to increase their fees by more than a rate ECE sets out. ECE says the rate for future years is "still to be determined."

To understand the turmoil this is causing, it's important to know that various providers say they are in some form of crisis when it comes to what they charge – and already were before the federal program began rolling out.

One daycare was understood to be holding an emergency meeting on Wednesday evening because of a concern that if its fees do not go up by more than the ECE-approved threshold, its finances will not hold up and the operation will close.

The daycare, one person with knowledge of the situation said, had postponed raising its fees earlier because ECE had asked providers not to make any changes while the department decided how to roll out the federal program. The department then introduced limits on fee increases, leaving the daycare unable to make the change it had contemplated.

Other providers say they want to raise fees to pay their staff a living wage. The Yellowknife Day Care Association, for example, announced fee increases well beyond the new ECE limit in December last year – before the federal program had been announced and any limits put in place – and has since been engaged in a back-and-forth with the department over what happens to that increase.

The GNWT, though, doesn't want significant fee increases because every increase means the federal funding does not stretch as far. (Subsidizing a fee of \$40 a day to halve it to \$20 a day will cost the federal program \$20 each day. If the fee becomes \$50, the subsidy to halve it needs to be \$25 and parents would still be paying \$5 more daily, keeping the NWT further from the federal goal of \$10.)

Well before the Funding Changes email, there was discontent from various providers about restrictions on fees that they felt effectively handed control of daycare and day home finances to the territorial government.

Yvette Cooper, who runs a day home in Yellowknife, sums up how many felt about the restrictions.

"They sent an email out to everybody saying: don't raise your rates. Don't change your program. Don't do anything, more information is coming and, with the information we give you, you'll be able to make better decisions for your program," said Cooper, characterizing a February email from ECE seen by Cabin Radio.

"On March 3, we get a second email letting us know that we are completely losing control of our fees. They're going to tell us how much we can charge. We're going to have to deal with whatever they feel is inflation.

"They said if we don't do this, we can't sign on to the program and then we'll be screwing over our families, and aren't we awful people. We were like, what is happening?"

After the Funding Changes email, opting out of the federal program – to retain control of fees, for example – will mean losing all other forms of territorial support.

What does the GNWT say?

The NWT government, pre-empting some operators' reaction, sent a statement of its own on Tuesday, attributed to education minister RJ Simpson.

In that statement, Simpson repeatedly emphasized the end goal of reducing families' costs. He stressed the government's view that there is urgency associated with the Friday deadline to opt in.

"According to the terms of our funding agreement with the Government of Canada, if providers do not opt in by April 15, families whose children attended those programs are not eligible to receive the refunds associated with retroactive fee reductions. Many childcare providers have already opted in and we continue to reach out to providers who have not yet done so," Simpson wrote.

Simpson said the "steps to integrate funding programs" – telling providers they have to take the federal support to get any territorial support – would provide "an inter-connected approach to support affordability, accessibility, inclusion and quality," but did not explain why the connection was necessary to achieve those goals.

Acknowledging that resistance to ECE's approach has been building for weeks, Simpson said he knew there would be "some bumps along the way."

"The GNWT is taking note of the challenges and the concerns that have been raised as we work with programs to move quickly and pass savings on to NWT families," he wrote.

"We recognize that, in our attempt to give families access to retroactive fee refunds, we have had to move quickly and that some providers continue to have reservations and concerns about the changes."

Why do day homes feel vilified?

While daycares are usually larger organizations with staff, day homes are often operated by one person from their home.

Day home operators believe the territorial government has been particularly critical of them, while offering more assistance to daycares.

They point to comments Simpson made in the legislature at the end of March. The minister said some operators were trying to increase fees by 20 to 30 percent, which the territory would not accept.

"Childcare centres are non-profits, they are there for the purpose of providing childcare. They're not money-making ventures. And so they already have the idea that they want to do what they can to make childcare accessible," Simpson said of daycares.

"Family day homes, on the other hand, are businesses. Perhaps they have some different motivations. And we're asking them to do something for the greater good but it's not necessarily their role, as some of them see it. And so there have been some difficulties. We are trying to work through those."

Responding in a letter, seven day home operators wrote: "RJ Simpson said on Tuesday, March 29 in the legislature that day homes' motives were suspect and that we did not feel the greater good was our job. We have stayed open during Covid so essential workers could work, risking the health of our own families for the greater good. We have frozen our fees during Covid for the greater good. Our motives are to do good to our day home families, to help and support them.

"His attempt to villainize us stems from the fact that he did a poor job negotiating on behalf of the NWT with the federal government."

Well, did the NWT do a poor job?

Some of the issue comes down to math: in particular, the number 38.

In announcing its federal deal in December last year, the territorial government said step one of the process would halve the fees parents pay this year. The average, the NWT government said, is \$38 per day.

That number has been roundly criticized by childcare providers.

"Minister Simpson went to the bargaining table with the erroneous daily average cost of \$38 a day. This is well below the actual daily average rate in the NWT and a little bit of research could have identified that fact," the seven day home operators wrote in their letter.

"Because of this poor planning and poor negotiations, Minister Simpson appears to be pushing the cost of meeting his goals onto providers."

Cooper, the Yellowknife day home operator, told Cabin Radio: "He is setting us up as the fall guys for his bad policy, and it's very upsetting and very disheartening."

There is a second accusation of "bad math" made by the NWT Early Childcare Association.

The territorial government has said that while inflation rose by 2.3 percent from 2019 to 2021 – the same percentage figure it is using as its fee increase cap this year – "fees over the same period rose by as much as 29 percent."

"This is neither sustainable nor affordable to families who require childcare services in the NWT," the territory told Cabin Radio.

In its letter on Wednesday, the early childcare association said claims of 29-percent increases were wrong.

"Providers across the NWT have been under financial pressure for years, with most programs voluntarily freezing rates during the pandemic in order to support families," the association wrote.

"Now, Minister Simpson and ECE are pushing providers to their breaking point while saying that program fees rose by as much as 29 percent in the last two years. This is faulty math.

"ECE came up with \$38-a-day program fees for 2019 and, looking at the data, it appears this included programs that do not charge fees. This is being called a 29-percent increase in fees. With a mass exodus of staff from the sector across the country due to lack of fair or equal wages, and programs stressed as essential workers have gone through a two-year pandemic, this might be the last straw for some providers."

Davison, on the association's board, said she would "have a hard time finding a program that has raised its fees in the past two years, let alone raised fees by 29 percent."

The territorial government told Cabin Radio the \$38-a-day figure was based on 2019 information and "was not used to inform the averages and maximum subsidy amount" for the federal funding.

Are bridges being burned?

ECE maintains that several operators had "decided to raise fees for families at this time up to 40 percent of their current rate."

Going further, the department bluntly accused some day homes of "concerning practices."

"As high retroactive fee increases put an undue burden on families, ECE determined that this practice negates the purpose of the [federal program] and would render programs ineligible in some instances, including where fees are significantly higher than the NWT averages already," the department told Cabin Radio by email last week.

"ECE has been informed of some concerning practices by day homes, including families feeling pressured to consent to retroactive fee increases and in some cases being denied care when refusing to consent."

ECE's response made clear that the relationship between the department and some day home operators is now, at best, fraught.

In their letter, the group of day home operators stated: "We are alarmed that RJ Simpson seems to be very comfortable creating pay inequity and marginalizing women, as all day homes are run by women."

The department took the unusual step of issuing what it termed a “correction to inaccurate information” in that statement.

“All licensed childcare models are important for the sector,” ECE’s response began. “However, it’s important to note that the pay inequity needing to be addressed is that between the income of a licensed family day home operator working from their home, as a personal business, and an early childhood educator working as an employee in a licensed centre-based program (also primarily women).

“Further, significant fee increases impacts families, including mothers who require childcare services in order to participate in the workforce. Affordability continues to be a barrier in the NWT for families including mothers trying to enter the workforce. The GNWT encourages the participation of all members of a family unit in the workforce, including those mothers who cannot due to the high cost of childcare.

“Depending on their rates and the number of children in their care,” the ECE statement continued, “licensed family day homes typically receive up to \$124,000 to \$137,000 in gross revenue through a combination of GNWT funded Early Childhood Program operating subsidy and childcare fees charged to families. For context, this translates to an average gross wage for a family day home operator of approximately \$59.60 to \$65.90/hour. This is in stark contrast to the average salary of \$18 to \$22 per hour for educators working in centre-based programs and exacerbates the gap that the wage grid is trying to address.”

What happens now?

By the end of Friday, operators are expected to decide whether or not to opt in – and receive federal and territorial subsidies – or opt out, and receive none of them. The territory says most have already opted in.

That decision can still be made after Friday, but the territory says operators delaying until after Friday won’t receive funding for the retroactive fee decreases between January and March this year, which means families who send their children to those operators won’t see that decrease either.

The day home operators state in their letter that “the NWT will lose qualified early learning childcare providers quickly” if concerns they raise are not addressed.

The NWT Early Childcare Association said it was “calling for the GNWT to follow through on the many discussions/meetings with families and early child learning and care providers in an open, transparent way to work towards quality and accessible universal childcare in the NWT.”

Simpson, the education minister, said his department “will continue to look at different ways to support operators and we ask for their patience and cooperation while we take this initial step to lower costs for families.”

**Region:** Northwest Territories <sup>[3]</sup>

**Tags:** child care workforce <sup>[4]</sup>

child care expansion <sup>[5]</sup>

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