

Ontario weakened its \$10-a-day child care funding rules. Now the federal government is demanding answers ^[1]

Provincial education minister's office says cost controls remain in place and will ensure child care fees are lowered.

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EXCERPTS

Ottawa is demanding answers from the Ford government after Ontario removed limits on profit-making by daycare owners who receive federal funding under the national plan to build a \$10-a-day child-care system.

In a letter to Ontario Education Minister Stephen Lecce, the federal government questioned the province's recent changes to funding guidelines for child-care operators who join the program — and raised worry that some taxpayer money won't be used for its intended purpose of reducing parent fees and improving child care services.

The letter, obtained by the Star, states that the changes to the funding guidelines, which the province released in August, may not fulfil Ontario's promise in the deal to implement stringent cost controls.

"Particularly, I am concerned with the removal of all details on undue profits and eligible expenditures that were previously included in the funding guidelines," writes Karina Gould, Canada's minister of families, children and social development, who oversees the national child-care plan. "With no capacity to review and limit reasonable expenditures and profits, the updates made to the funding guidelines may run counter to the objective of ensuring the sound and reasonable use of public funds."

Responding to questions from the Star about the letter, Lecce's spokesperson, Grace Lee, said: "The core element of the cost control framework remains in place and has been since Ontario signed the agreement. With parent fees frozen as of March 27, there is no room for a program to use the funds in any other way than to lower child care fees and increase the wages of child care workers."

In this first year of the five-year agreement, parents have been promised a 25-per-cent rebate on fees, retroactive to April 1, followed by a 50-per-cent cut by the end of this year, with fees reduced to an average of \$10-a-day by 2026.

Lee added that Ontario is focused on getting both non-profit and for-profit operators "on board," to ensure that the province is "putting money back into parents' pockets and preserving parent choice."

"We continue to meet all obligations under the agreement, including all formal reporting requirements," Lee said.

Ontario revised the funding rules, and extended the deadline to Nov. 1 for daycares to join the program, after a group of for-profit operators mounted a public relations campaign, saying they would not join unless changes were made.

Private daycare owners leading these efforts told the Star that reducing red tape and the restrictions on profit-making are essential if they're going to remain viable while participating in the program, which needs all existing child-care spaces to meet its expansion goals.

The national daycare program promises to dramatically expand and transform the current market-based system to one that is universally accessible, affordable and largely publicly funded.

However, in Ontario, where families pay some of the highest fees in Canada, the changes to the funding rules triggered alarm among policy experts and non-profit child-care advocates, who said the government funding earmarked to build the system is already tight.

Morna Ballantyne, executive director of the national advocacy group Child Care Now, which advocates for a publicly funded, non-profit child-care system, said Gould's letter is an indication the federal government "wants every public dollar to be spent well," and sends an important message as Ontario develops next year's funding rules.

"If that funding formula doesn't reflect the commitment in the agreement for a cost-control framework, the Ontario government knows now that that will not be acceptable to the federal government," she said. "It's a shot across the bow."

While the specifics of the child-care deals that each jurisdiction reached with Ottawa are different, they all support the federal vision of the national system as one that is designed primarily to fund and grow not-for-profit child care spaces.

Ontario's for-profit daycares — which account for roughly 30 per cent of the province's licensed spaces for children under 6 — are eligible

to join and receive public funding to lower parent fees.

The standoff comes as thousands of Ontario families continue to wait for promised fee reductions. Ontario was the last jurisdiction to reach agreement with the federal government when it signed its deal in March.

Soon after, Ontario released its initial funding rules, which the federal government deemed to be “compliant” with the agreement, according to Gould’s spokesperson. At that point, the federal government released funding that was contingent on Ontario putting cost controls in place.

Then Ontario revised its guidelines in August, removing a provision that would have limited “undue” profits, eliminating some “ineligible expenditures,” and relieving some of the financial reporting requirements.

Maggie Moser, co-director and president of the Ontario Association of Independent Childcare Centres, which represents the for-profit owners who pushed for changes to the funding guidelines, said too many of the terms in the original rules were not clear, including what would constitute “undue profits.”

“Business owners can’t opt into something which is not defined,” said Moser, who runs Blossoming Minds Learning Centre, a for-profit daycare in Toronto’s Danforth neighbourhood.

Under the previous rules, municipal service managers would have had the discretion to determine a “reasonable” profit for daycares in their local area.

In her letter, Gould asks Lecce to explain how Ontario’s education ministry intends to uphold its commitments to implement a cost-control framework and ensure the “sound and reasonable use” of public funds, including “what proactive approaches will be undertaken to ensure that undue profits of individual providers participating in the Canada-wide system are limited and that high profits are not being subsidized with federal funding.”

Gould also writes that it’s “unfortunate” that Ontario “did not seek the views of the federal government on the changes prior to their release,” and that she looks forward to being consulted on any “future developments” related to the implementation of the child-care deal.

She tells Lecce she hopes to hear back from him “well in advance” of Ontario’s new enrollment deadline of Nov. 1.

Region: Ontario ^[3]

Tags: \$10aDay ^[4]

Canada-wide agreement ^[5]

child care ^[6]

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