

Ontario's \$10-a-day child care plan could leave 227k without places, report warns ^[1]

Author: Callan, Isaac & D'Mello, Colin

Source: Global News

Format: Article

Publication Date: 14 Nov 2022

AVAILABILITY

Access online ^[2]

The appeal of \$10-a-day child care in Ontario could lead to a surge in demand over the next four years, according to a new report, potentially leaving thousands of families without access to cheaper daycare options.

Ontario's Financial Accountability Officer (FAO) reviewed the Ford government's plans to reduce daycare fees, in line with the federal government's new cost-cutting childcare program, and estimated that the number of families looking for affordable options will explode as prices continue to plummet.

By 2026, the FAO suggests, the families of 602,257 children under the age of six will want a \$10-a-day child-care space.

That projected figure is significantly higher than the 375,111 places Ontario is currently planning to provide, potentially leaving hundreds of thousands of families shut out of the new program.

In a statement, the Ministry of Education touted "Ontario leadership" in delivering child care but admitted more needed to be done.

"That's why our deal with the federal government was contingent on \$1 billion to build additional spaces across all provinces," a spokesperson said.

"However, we still await further details from the federal government as to how those funds can be used and when exactly they will be provided to Ontario."

After lengthy negotiations with Ottawa, the Ford government signed a six-year deal in March that would see the federal government transfer \$10.2 billion to Ontario for the first five years of the program, with an additional \$2.9 billion for the sixth year.

The concept of the program — which was a signature promise by the Liberal Party during the last federal election — was to cut fees by 50 per cent in the first year, and gradually lower costs until September 2025, when parents nationwide could expect to pay an average of \$10-per-day for child care.

While it had been unclear exactly how the province planned to implement these changes and phase in the new system, the new FAO report sheds some light on Ontario's plans to deliver on the \$10-a-day promise.

Those plans include funding for the creation of licensed child-care spaces in schools, funding for start-up grants and funds for training and increased wages.

"The ministry plans to create 71,000 net new spaces through what it terms natural growth (48,459 spaces) and induced demand (22,406 spaces)," the FAO's education spending report explained.

Natural growth is the number of places Ontario assumes will come online every year if the historic average of around three per cent continues.

"The ministry did not identify the factors that might drive natural growth," the FAO said.

The province is also planning on the assumption that induced demand spaces will be created as more affordable child care draws more families to the service.

That induced demand, the FAO said, could also be a problem.

"Even if the province is able to create and enroll 375,111 \$10-a-day licensed child care spaces by 2026, the FAO estimates that there may still be significant excess demand for the \$10-a-day program," the report said.

The FAO warned around 227,000 children who wanted a child-care space could be left without one by 2026, based on the province's current plans.

The report estimates that 71,000 net new child-care spaces would see child care as a proportion of Ontario's six years old under

population increase to 41 per cent in 2026 from 35 per cent in 2021.

“The Agreement signed by the Province and the federal government concludes in 2025-26,” the report said. “The federal government has signalled its intention to renew the Agreement and has committed a minimum funding amount of \$2.9 billion for 2026-27, while the Province has committed \$128 million.”

The FAO’s education spending report also found an estimated budget shortfall of \$6 billion by 2026-27 in the Ministry of Education’s overall planning. That would need to be filled by earmarking more unallocated funds or reducing spending.

Region: Ontario ^[3]

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