5 | Assessing child care needs and forecasting demand

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About the series

One aspect of Canadian child care provision is that the supply of child care services is too limited to meet demand, unevenly distributed and inequitable in terms of location. The primary reason for this is that "creating" child care services in Canada has mostly been treated as a private responsibility. This private approach is in contrast to public processes where governments take responsibility for ensuring that child care services are developed where and when they are needed.

As Canada begins to fulfill a historic commitment to build a universal early learning and child care system, the challenge of limited, uneven, inequitable child care availability must be tackled systemically—a more publicly managed, planned, intentional approach based on greater public responsibility for ensuring the availability and determining the characteristics and distribution of regulated child care.

This series of short, topical papers covers the importance of designing effective child care expansion strategies and some elements that can contribute to developing them. The series is based on a longer publication, *Moving from private to public processes to create child care in Canada* (2020), and has been revised and re-developed in this more accessible series format to reflect current Canada-wide policy developments.

What's the issue?

National or provincial/territorial strategies to systematically assess and map out child care demand or need, set growth targets, align resources or evaluate progress toward accessibility have not regularly been developed across Canada (Holt, 2018; Spicer & Kreda, 2011). As a result, resources, protocols, data and tools used to carry out these activities are relatively undeveloped in Canada in comparison to countries with a more intentional proactive approach to measuring progress towards achieving specified goals.

This paper examines the use of two kinds of tools–needs assessments and demand forecasting–that can be used to support more planned publicly managed creation and growth of child care. It provides overviews of approaches to needs assessment and demand forecasting in several local or regional contexts, discussing what needs assessment and demand forecasting are, why these are useful tools, their key components and what variables should be considered when implementing these in different communities.

What's the context?

The apparatus of intentional, planned development of early learning and child care in relation to need or demand has not yet been established in Canadian communities regardless of their population density or population. One of the few province-wide community needs assessment initiatives followed the release of *New directions for child care* (1987), a major policy initiative of an Ontario minority Liberal government governing in a formal negotiated Accord with the NDP. *New directions for child care* emphasized the value of community-based planning and the provincial government began supporting and funding local community groups to engage in needs assessments "for expansion or development of child care services that were responsive to local community circumstances" (Ministry of Community and Social Services, 1992: 1). The

provincial government's report on the 55 such projects observed that "there is a recognition that the development of many child care services in Ontario since 1987 would not have occurred without the contribution made by these groups" (1992: 2).

It is interesting to compare this initiative that ended 30 years ago with a recent British Columbia initiative also motivated by a provincial government. The BC government, collaborating with the Union of British Columbia Municipalities (2020a) activated and funded local municipal governments to develop needs assessments in consultation with a variety of community stakeholders. Like the 1980s Ontario initiative, it was aimed at creating child care in the local community. But a noteworthy difference between the Ontario initiative of 30 years ago and the recent BC effort is that the first relied on voluntary groups, as the Ontario government report describes, while the current BC initiative was more publicly managed – led locally by municipal governments – that is, more publicly managed.

What is a needs assessment and what is demand forecasting?

"A [needs assessment](#) is a systematic process that provides information about social needs or issues in a place or population group and determines which issues should be prioritized for action. The term 'social issue' as used here is intended to be deliberately broad and essentially denotes an identified problem in a place or population" (Australian Institute of Family Studies, 2019). In the simplest form, needs assessment can be defined as a systematic process for determining and addressing needs. Child care needs assessments, in some form, have been developed and administered throughout Canada over the years. Their definition and use has varied widely across Canada, with some Ontario municipalities using some form of needs assessment as part of their mandated service planning and BC municipalities developing them across that province more recently.

 Child care needs assessments generally measure how many children (with or without employed mothers) of a certain age live in a geographic area and how many child care spaces exist in the area. In some cases, a

secondary analysis is done by breaking down ages of children in relation to types of child care spaces. The difference or shortfall is usually defined as "need". Needs assessments are often augmented with additional information gathered through a survey, focus groups, and other sources of information.

Methodologies may vary and information may not be gathered in a consistent manner across communities or regions, or over time, to allow for comparability. Nor do these types of needs assessments have a specific methodology for assessing the possible impact of new developments on future child care needs or for looking at the relationship between what families would like, and what they can afford.

Needs assessments can be used as part of, or the basis for, creating a specific child care service or a plan for child care services more generally. Based on the results of needs assessments, targets may be set by government officials, again influenced by numerous variables such as availability of land, zoning and bylaws, partnerships, funding on hand or funding possibilities available. Targets can then measure performance, leverage funding from senior governments and report out achievements or shortfalls.

Demand forecasting is related to needs assessment but is based on a somewhat different conception and method. For child care economist Gordon Cleveland (2018), parent fees are a key driver of demand. Cleveland, Krashinsky, Colley & Avery-Nunez (2016) describe two approaches to calculating demand for child care, the first, "constrained demand" refers to the number of children who will use regulated child care under specific conditions (i.e., the parents will be constrained by the cost of child care). Second, these authors define "potential demand", which refers to the amount of regulated child care that families would like to use if ability to pay were not constrained by high parent fees. They state that "properly measured demand is a relationship between the willingness to use licensed child care and the key factors that affect the decision about the willingness to use it" (Cleveland et al., 2016: 12). In the City of Vancouver's demand forecasting work, demand is based on the impact of population

growth resulting from new development. In this paper we discuss demand calculation considering both these conceptions.

Using a needs assessment or a demand forecasting calculation allows governments, usually local, to plan in partnership with community stakeholders and maximize public benefit negotiations. These provide government officials with the opportunity to prioritize budget allocations, consider built form in order to accommodate child care facilities, advocate with provincial and federal partners for funding, and report out to its citizens the benefit and impact of its decisions to improve child care supply. In some communities, information has also enabled the child care sector to leverage and advocate for increased spending on child care or lobby the government for additional funding.

Both needs assessments and demand forecasting may fail to take into account variables that have an impact on demand, such as parents working non-standard hours, the cultural or language needs of children, or the specialized needs of children who require additional support. In addition to child care fees and parents' ability to pay, other variables that may influence demand are location (proximity to work or home, or route to work), pedagogical approach, auspice, transit access, size of program, program type (family or group care), age of youngest child, number of children in the family, sole parent or two parent families, whether a caregiving relative lives with the family, etc. (Cleveland et al., 2016).

For example, using the City of Vancouver approach to demand (described below), we see that calculations of demand for child care generated by new development do not take into account the impact on child care needs of those parents who live outside a specific residential area but work within that geographical area, the high demand in employer-concentrated areas such as business districts or a downtown core, university communities, medical complexes with multiple hospital/medical services, or large scale industrial/commercial employers. In fact, as planner Carley Holt observes, child care is overlooked in most new and existing residential, commercial and mixed-use developments in Canada (Holt, 2018).

Highlighting needs assessment and demand forecasting across Canada

This section highlights three examples of needs assessment and demand forecasting that provide different experiences with these planning tools in Canada. These are: the City of Toronto's approach to assessing demand, which includes ability to pay/affordability in the calculation; the City of Vancouver's demand forecasting calculation tool considering the impact of urban development on demand for child care; and British Columbia's collaboration with the Union of British Columbia Municipalities (UBCM) to develop needs assessments with the aim of creating more child care availability.

City of Toronto

The City of Toronto licensed child care demand and affordability study reports on a significant resource developed for the City of Toronto to assess demand in relation to affordability (Cleveland et al., 2016). The purpose of this research and tool is to project future demand for licensed child care and to analyze the evolution of affordability for Toronto families. This research developed a methodology to assess demand in relation to affordability and to understand parental decisions for using licensed child care compared to other arrangements, thereby assisting the City of Toronto in its long term service planning. It is of note that the methodology can be adapted to other locations. For example, it formed the basis of a report for the Ontario government that aimed at answering the question "What is the best way to improve the affordability of licensed child care for infants, toddlers and preschoolers in Ontario?", analyzing six different approaches to public funding (Cleveland et al., 2016).

To forecast demand in the City of Toronto, Cleveland et al. used economic modelling to create three policy simulations: providing fee subsidies for all eligible families[1], capping fees, and a flat $20 a day cost. The modeling found that all three simulations would substantially increase demand for licensed child care.

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1   In Ontario, fee subsidies are rationed, so parents determined to be eligible to be subsidized wait on long municipal waiting lists which are sometimes years long.

The economic modelling then examined two scenarios:

- The first scenario looked at children below compulsory school age (0 – 5 years) and examined the influence of price of care, eligibility for a fee subsidy, potential earnings of the main care giving parent, age of the youngest child in the family, number of children in the family, immigrant status of and ethno-cultural backgrounds of families. The effect of these factors on demand for care and employment were estimated using Canadian data sets. Estimates were incorporated into the model for calculating future demand for licensed child care;

- The second scenario looked at children of compulsory school age (6 – 9 years) and used a similar model without the link to employment decisions to calculate the demand for licensed school-age care.

A simulation model to calculate the ability of families to pay for licensed care looked at two measures of affordability: the potential earnings of the main caregiving parent and family income. Consideration was given to the effect of taxes, child benefits and child care tax deductions or credits on affordability. The data sets used for estimation were the Survey of Young Canadians and a City of Toronto dataset (Cleveland et al., 2016).[2]

City of Vancouver

The use of a specific tool for child care demand forecasting has been used in Vancouver for some time and fits in the context of the City of Vancouver's activities on child care and specific characteristics. In British Columbia, municipalities are legislated through the *Local Government Act* and *Community Charter*. The *Vancouver Charter* provides for the continuation, structure and operation of the City of Vancouver and sets out its main powers and responsibilities, including elections, public works, real property taxation and land use planning. Many of these powers parallel those of other municipalities, while some are quite different.

City of Vancouver set out actions for planning child care in its Civic Child Care Strategy in 1990 policy, based on principles of affordability,

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2   A more detailed elaboration of the modelling can be found in *Technical Report: City of Toronto Licensed Child care Demand and Affordability Study*, Cleveland, Krashinsky, Colley and Avery-Nunez, 2016.

accessibility and quality. This made a significant contribution to setting the stage for estimating the impact of growth on child care need and linking planning strategies to address the identified need. It also included establishing and implementing a consistent formula for calculating child care needs in new development; establishing targets for the number, type and location of child care services which the city will support or facilitate; and including child care services as a standard part of all Local Area Planning processes.

In the early 1990s, little information was available to draw from to estimate the impact of new development on child care but a set of supply and demand assumptions could be made. For the first time, the City of Vancouver set out a series of assumptions to estimate need which informed targets within the local area plans. Such targets could, for example, be included in the Official Development Plan (ODP). The ODP is a statement of objectives and policies to guide decisions on planning and land use management. What these calculations did was to enable city staff to estimate potential demand for child care based on the new residential units, set targets for city-facilitated/supported licensed non-profit child care spaces, and work with the development community to leverage opportunities for child care facilities in new developments. As a result, child care emerged as a key public benefit and new child care facilities were built in residential towers and/or on lands in newly developed communities.

The impact has been significant. To facilitate service operation, the City also facilitated the creation of the Vancouver Society of Childcare Centres, a new non-profit child care organization to manage the new spaces created in the downtown core (see a case study of VSOCC in this series' non-profit child care paper).

Other actions impacting child care are have been provision of Development Cost Levies (DCLs) for child care capital, the use of Community Amenity Contributions to help offset operating cost (although this is no longer used for such purposes); and the creation of the Vancouver Park Board, which provides child care spaces in publicly-owned community centres and Park Board facilities.

The City of Vancouver estimates child care need based on select data inputs (e.g., by neighbourhood or proposed development, social indicators, age, labour force participation etc.). This approach to modelling need permits fine-grained neighbourhood-based needs analysis reflecting geography and social indicators. Over time, the demand calculations have been refined and have become a key element of the community planning process, informing targets for child care spaces embedded in neighbourhood community plans. As neighbourhoods undergo change and growth, the child care calculator provides City Council, senior management, social policy, planning and finance staff with a clear direction on where new child care spaces could be built and to set targets and budgets.

Specifically, the City of Vancouver's approach to estimating child care need and percentage of need to meet in existing neighbours includes calculations of the Census population by age, mothers' labour force participation rate (using the BC Labour Force Survey) and families' propensity to use licensed child care vs. other child care arrangements. The approach considers census data on the current child population, broken down into child care-related age groups, and makes assumptions specific to each age group (based on mother's participation in labour force, full-time vs part time demand) to estimate the number of children who would be in child care if a space were made available to them. These estimates are then measured against the City's current supply of child care spaces (broken down by age group and by neighbourhood) to determine service gaps in each of the city's neighbourhoods. Data on current supply of licensed child care is obtained from the local [Child Care Resource and Referral Centre](#).

In the case of proposed developments or community plans, future child care need estimates consider proposed housing units and types (family or non-family) or use population projections and in the case of proposed major employment-based developments or clusters child care need generated by the development is estimated based on proposed numbers of employees or revenue producing area. Targets are set at a proportion of calculated need from projected residential growth, with addition of

other factors including anticipated availability of funding, competing priorities, and levels of child vulnerability. The City maintains a conservative approach to setting targets in the absence of an assured system of public child care funding.

There are however limitations with this model, such as the impact on demand in relation to an individual's ability to pay; estimates assume that all parents would choose licensed child care; need of families working non-traditional hours. Furthermore, proposed housing types do not necessarily reflect actual family configuration and commercial calculations may not take into consideration age of employees in certain industries. Despite some of these challenges, these calculations continue to provide a forward direction for City Council to approve expansion targets, largely based on the capacity of the City to create spaces when opportunities from available sites arise, when capital is available or when significant provincial funding is made available.

Union of British Columbia Municipalities (UCBM)

The Union of British Columbia Municipalities (UBCM) is the voice of local BC governments, incorporated by a provincial statute to represent the common interests of local governments in BC . It currently includes every local government in BC as well as eight First Nations in its membership. Since 1992, UBCM has passed numerous policy resolutions in an effort to influence the expansion of a quality, affordable child care system.

In 2019, British Columbia's Child Care Community Planning Program aimed to establish a province-wide approach to child care needs assessments at the local level through its $2.85 million community planning initiative by collaborating with the Union of British Columbia Municipalities (Union of British Columbia Municipalities, 2019; 2020a; 2020b). The funds were administered through UBCM. Eligible local governments could apply to receive up to $25,000 to engage in child care planning activities, which were set out by the grant requirements, to develop a community child care creation plan. This approach was

noteworthy in that it is a provincial initiative to motivate child care creation and provides provincial direction but also recognizes the key public management role played by local government.

The UBCM process for child care planning formed a comprehensive framework for municipalities to conduct child care needs planning. Through community partnerships and engagement, funded projects collected information regarding the child care needs of the community, created an inventory of existing child care, identified space creation targets over the next 10 years; and identified actions that can be taken to meet those space creation targets (Union of British Columbia Municipalities, 2020b).

It included information gathering, which can inform future targets for growth and child care expansion across the province; set out a methodology for assessing need and utilization rates and multiple variables for augmenting data collection and included a standard community space inventory template to document child care facilities and spaces in a geographic area. Multiple data resources were identified such as population estimates, household projections, regional health authority information for child care licensing, child care maps, that can inform future planning and creation of child care services. Community engagement activities were also included and encouraged with various stakeholders such as child care providers, parents, local school districts, First Nations, Métis Nation and other Indigenous organizations as part of the process. All information gathered from data, stakeholder meetings and policy and bylaw reviews were analyzed looking at trends and opportunities to inform the local action plan. Targets and goals for growth were set with the hope that funding will become available to implement planned growth. It is too soon to tell, and beyond the scope of this work to know, if or how this information will be rolled up and used to inform broader provincial planning and/or how it will impact growth of quality, accessible, affordable child care spaces at the local level.

2   In Ontario, municipal entities are mandated as Local Service Managers, a municipal role that is unique to Ontario in Canada. See, in this paper series *How municipal roles in child care contribute to accessibility.*

This BC initiative is noteworthy as the first time a systematic process for determining and addressing child care needs and "gaps" has occurred province-wide in British Columbia.

Conclusion

The lack of strategies that systematically set out how to assess and map child care needs, set growth targets or align resources is one factor that continues to exacerbate uneven provision of licensed child care across provinces/territories and within communities. As we have explored, there is an opportunity to learn from existing practices and create more consistent, comparable, accurate and regularly used methodologies for assessing child care needs and forecasting demand for the purpose of developing child care services. Systematic mechanisms that contribute to creating and ensuring that child care services are available when and where they are needed are important components of public responsibility for commitments to building universal child care.

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