The Economic and Social Impacts of an Accessible, High Quality Child Care System in Toronto

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Elaine Baxter-Trahair, General Manager, Children’s Services, Mike Williams, General Manager, Economic Development and Culture
Children’s Services is the Service System Manager for early learning and child care.

Toronto is the second largest child care system in Canada.

Over 73,000 licensed spaces in total:

- 40% Subsidized spaces
- 60% Full fee spaces

1034 licensed child care centres, of which 52 are directly operated by the City.

Children aged 0-4 are most underserved:

- Total child population age 0-4: 31%
- Total children 0-4 in licensed child care: 8%
- Number of fee subsidies allocated to children 0-4: 8%
Toronto’s context

Toronto’s child care is of good quality and is becoming more accessible:

- Council adopted Toronto’s Licensed Child Care Growth Strategy:
  - Build capacity to meet demand
    - Enough licensed, centre-based child care spaces for 50% of children under the age of 4, and the capacity required to operate those spaces.
  - Improve affordability for families
    - Public investments that keep parent fees affordable for families across all income groups, and fee subsidies for families in need
  - Support a thriving workforce
    - Good jobs that attract and retain child care professionals
  - Increased Federal and Provincial investments
Socio-economic impacts

Five key areas of impact:

1. Potential economic stimulus
2. Increased labour market participation
3. Reduced poverty and reliance on government programs
4. Improved child development outcomes
5. Increased social networks for families
Socio-economic impacts

Moderate potential for an economic stimulus:

• The employment multiplier for child care sector is largest of all sectors.

• Indirect impacts are relatively small

• Induced multiplier for child care is larger than industries with higher salaries.

• Increasing government spending on child care funded from local taxes is expected to be mildly stimulative, if there is a pool of unemployed and qualified child care workers in Toronto to fill the additional jobs
Advances female outcomes in the workplace:

• Key enabler for parents to work and improve employable skills

• Benefits are most significant for mothers

• For every 4-5 child care spaces created, 1 additional full-time female enters the labour force.

• Increased participation rate is sustained long-term.

• Identified as one of five key factors in reducing the gender gap, McKinsey & Company, 2017.

In Quebec:

Women’s participation in the labour market:

All mothers: 12% increase in percentage points

Most vulnerable mothers: 22% increase in percentage points
Reduced poverty and decreased reliance on government-funded programs:

- Affordable child care is key lever in helping families move out of poverty.
- Long-term, sustained benefits
- Improved health and safety outcomes
- Supports Toronto’s Poverty Reduction Strategy

In Quebec:

- Poverty rates: from 52% to 31% (55% decrease)
- Single parents on social assistance: 55% decrease
- Average income of single parents formerly on social assistance: 81% increase
Stronger child development for a stronger future workforce:

- Critical development occurs in early years that impact life-long skills and functioning
- Participation in quality early learning advances literacy, numeracy and success in school.
- Builds more productive, more innovative future workforce
- Quality is key; Toronto is a leader in quality programming

Academic test scores: from 30th to 50th percentile

High school graduation rate: 50% increase
Builds social networks and supports for families:

• Child care centres serve as centralizing hub
• Parents linked to each other and to other services
• Shown to decrease isolation and improve psychological well-being
• Potential to improve inclusion, belonging and promote diversity from early age
• Can be first point of contact for newcomer families
To achieve full scope of impacts, child care programs must be:

Accessible
Affordable • Available • Universal approach

& High Quality
“Not only do high-quality early childhood education programs benefit children, they also have positive impacts on parents and the economy as a whole.

The benefits of early childhood education far outweigh the costs.

Ultimately, investment in early education can help to address core economic and social challenges.”

TD Economics, 2012