

Response to the City of Toronto 2021 Operating and Capital Budget

TO: Mayor John Tory, Toronto Budget Committee and Toronto City Council

FROM: Toronto Community for Better Child Care

Background

The Toronto Community for Better Child Care (TCBCC) is a broadly based non-profit organization working to establish a comprehensive, high quality, universally accessible, non-profit, publicly funded child care system.

We are a member-based organization comprising early learning and child care centres, community groups and individuals from the Greater Toronto Area. Our members are Early Childhood Educators (ECEs), Early Years professionals, child care centre directors, Toronto-based union locals and families.

On the Brink

We are writing to let you know that the child care community is at a breaking point. Without intense government support, continued emergency bridge-financing, stable ongoing base-funding and changes to the fee subsidy system, Toronto's child care sector will not survive.

Toronto's child care system has been through a catastrophic year - and is facing yet another - coping with the unprecedented challenges of delivering an essential service to young children and families during a continuing public health crisis.

Child care centres and their staff have worked hard to fulfill their professional and ethical obligations, asked of them by governments, and have provided a critical service throughout the pandemic with little consultation, recognition or respect. We have pushed through, trying to maintain viable and safe operations with inadequate, unstable funding. Our reserves, both personal and financial, are drained. This situation cannot continue.

Increased Responsibility and Liability

Toronto's regulated child care sector has struggled to comply with changing government and public health operating guidelines, complex federal funding programs, increased infection control and screening responsibilities, greater reporting requirements, and loss of enrolment. Most importantly, we have courageously done our best to protect the health of children, their families, our workforce and the communities we work with.

The responsibility – and liability - to meet public health guidelines and provincial legislation is carried by child care “operators” under provincial licenses. In Toronto, almost 56,000 or 73% of licensed child care spaces are in the non-profit sector. They are operated by not-for-profit corporations, established over many decades, the majority of which are governed by volunteer boards of directors made up of parents. Only 3.5% of spaces are directly-operated by the City ([City of Toronto Fact Sheet, June 2019](#)).

The City of Toronto serves as the “system manager” and has the role of both regulator and funder, using money transferred from the provincial and federal governments. The City purchases services from child care centres on behalf of low-income families through a system of fee subsidies. While the City's Children's Services division tries to support and advise centres, it is not its role to manage centre operations.

Most centres rely on the expertise of centre supervisors and directors – predominantly women – to manage child care centres and deliver vital child care services. These Early Childhood Educators are not public health specialists, accountants, lawyers or human resource professionals. The job is complex and challenging, and their organizations do not have the institutional support or fiscal capacity that other public services have. Nor do they receive the compensation that recognizes the responsibilities of the job.

Longstanding Problems Worsened

Governments have known for decades the issues and challenges that exist in the child care sector. Child care staff are notoriously underpaid, with pay equity a thing of the past. Child care

continues to have a gendered and often racialized, workforce, with high turnover, low prestige and staff shortages. “Pandemic pay” to increase wages of ECE’s was eliminated months ago despite their ongoing service throughout the pandemic. Salaries are tied to parent fees which are already beyond the reach of 75% of Toronto families, the highest in the country. There are not enough fee subsidies for the 13,000 families who are eligible and waiting, nor is there support for the thousands of families ineligible because of part-time and precarious work or income above the outdated eligibility ceiling.

The pandemic has worsened an already challenging financial model for child care. Reduced employment and incomes, school closures, working from home, lockdowns and increased fear of congregate settings have all contributed to volatile enrolment and financial instability for non-profit child care centres.

Short-term Fixes and Budget Impacts

Child care has received extra assistance during the pandemic period. The City of Toronto received \$47.5M in one-time funding under the [Canada-Ontario Safe Restart Agreement](#). However, the funds were to be spent by December 31, 2020.

As a result, the City’s 2021 Children’s Services budget has been reduced by \$7.7% overall. The City has committed to continue providing COVID-related supports, restore subsidy levels and provide a small 1% cost of living increase for child care fee subsidies. The budget also includes the closure/transfer of 3 directly-operated kindergarten and school age programs without transparency as to what organization will be taking on the operations of those programs.

The City’s future-focused [Licenced Child Care Growth Strategy](#), with reduced fees, expanded subsidies and spaces, and increased municipal/provincial/federal funding has been deferred, with only hope and promises to sustain it.

The Early Learning and Child Care (ELCC) federal-provincial bilateral agreement, which expired in March 2019, was extended. The Federal government announced in the Fall Economic Statement 2020, continued funding at current levels under the ELCC, new funding for

Indigenous child care and ECE workforce development. As well, the federal government promised significant funding for a new Pan-Canadian, publicly funded, universal child care program in the upcoming 2021 budget. None of this new funding has yet been received. If Toronto's child care system is to survive through Phase 2 of the pandemic, and build for the future, the City must take a leadership role, and push for the funding and changes that will stabilize and build the child care system our economy needs and families can rely on. Our city, our communities and economy depend on child care as an essential public service – it is time to structure, fund and build a system that reflects this.

Stabilize TO Child Care

To preserve the existing child care sector, the City of Toronto, must work with the Province of Ontario and Government of Canada to:

1. Support child care centres with emergency, bridge funding, to improve safety, prevent centre closures and restore licensed capacity to pre-pandemic levels:
 - Fund improved child care staff/child ratios and smaller group sizes to provide safer environments for children and staff
 - Provide regular COVID-19 testing for child care staff and voluntary asymptomatic testing for children
 - Provide paid sick days to ensure ECEs and child care staff can stay home when sick
 - Increase ECE pay by \$4 per hour, as in Phase 1 of the pandemic
 - Reduce parent/family fees
 - Provide volunteer boards of directors with professional services (e.g. financial, human resources)

2. Change child care subsidy eligibility rules and fee subsidies to:
 - Update income ceilings to increase access to financial assistance
 - Increase access to fee subsidies to address inequitable access for part-time and precarious workers, racialized families and communities most affected by the pandemic
 - Continue fee subsidies for parents/families for “job search”, for those who have lost jobs due to the pandemic and are seeking new employment or returning to school

- Pay subsidy rates that recognize the cost of increased staffing and vacancy rate fluctuations instead of “optimal” enrolment
- Develop a responsive, flexible, part-time and “respite child care” program for parents/families working from home, working part time or in self-isolation

Build Back Better Child Care

To “build back better”, the City must work with the Province of Ontario and the Government of Canada to support Toronto families, increase equity, community and economic renewal:

1. Negotiate new intergovernmental, trilateral agreements to support implementation of an updated City of Toronto Child Care Growth Strategy Phase II, starting in 2021 - 2026, to:

- Prepare for and support economic recovery through changes to child care funding and policies to encourage equitable labour force participation for women, precariously employed workers, racialized communities - those worst hit by the pandemic;
- Revise our targets and timelines for increase licensed spaces, increase general operating funding to reduce fees and increase salaries;
- Develop a local workforce development strategy to recruit and retain child care staff;
- Continue to finance capital projects, provide operating start-up funding to build facilities in under-served areas of the city;
- Work with School Boards, TCHC, Housing First, and other development projects to build new non-profit child care facilities;
- Enhance recruitment and retention of staff with a renewed workforce strategy

2. Work with Federal Government to Support the Creation of a Universal, Public System of Child Care

- Engage parents/families, community partners, service providers, policy experts to consider and develop new models of service delivery and transformational change that will build a universal system of public, non-profit child care services and other family supports for all Toronto families.

Our Recommendations for the City of Toronto Budget 2021:

1. City of Toronto give priority in its current negotiations with the Federal and Provincial governments to:
 - a. Continue Safe Restart Funding for child care providers to stabilize and sustain the child care sector through the next phases of the pandemic;
 - b. Restore and make permanent, wage subsidies to increase pay, attract and retain staff in the child care sector;
 - c. Reverse 50% cost-sharing of administrative costs to municipalities;
 - d. Revise subsidy eligibility rules to broaden access for more families and increase equitable access to the labour force for women, precariously employed workers, racialized communities - those worst hit by the pandemic;
 - e. Include Early Childhood Educators and child care workers in the priority list for Phase 2 of Ontario's Immunization Plan.

2. Toronto Children's Services create a Child Care Stabilization fund for licensed non-profit child care centres to access immediate, emergency funds, purchase professional services, offset variable enrolment, and accommodate additional COVID related costs.

3. Toronto Children's Services revise and update the 10 year Phase II of the [Toronto Licenced Child Care Growth Strategy](#) and report to ECD in Q1 2021, to provide a blueprint and foundation for negotiations with the Federal and Provincial governments and the development of a made-in-Toronto Child Care Labour Force Development Strategy.

4. The City of Toronto request to be "at the table" with the Federal and Provincial governments to develop new trilateral Early Learning and Child Care agreements for the funding announced in the Fall Economic Update 2020 and the Pan-Canadian, publicly funded, universal child care program, expected in the 2021 budget.