

# **City of Toronto Licensed Child Care Demand and Affordability Study**

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**October 2016**

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## Executive Summary

This report presents the methods and findings of the Licensed Child Care Demand and Affordability Study commissioned by the City of Toronto. The challenges of how to set appropriate targets for growing Toronto's licensed child care system, and what policies will best support that growth are not easy to solve. The Licensed Child Care Demand and Affordability Study provides information that can help the City of Toronto begin to navigate these planning challenges.

The study uses data from Statistics Canada and the City of Toronto to build an economic model of demand for licensed child care in 2015. Models were built for two separate age groups: ages 0 to 5 and ages 6 to 9. These models were used to better understand parental decisions for using licensed child care compared to other arrangements. The study also created two measures of affordability for licensed child care. More information about the methods and data sets used to build these models can be found in the Technical Report.

These models can be updated by the City of Toronto on an ongoing basis to predict demand for licensed child care based on changing conditions, such as new federal and provincial funding, changing demographics, or as new data becomes available (such as the 2016 Census data).

### CURRENT (CONSTRAINED) DEMAND

Parental decisions about whether to enter the workforce and what child care arrangements to use are closely linked, and depend on a number of different factors. This study found that some of the most important factors impacting a family's demand for licensed child care are:

- Affordability (i.e., child care fees and parents' incomes)
- Number of children
- Age of youngest child
- Sole parent vs. two parent family
- Immigration (Number of years in Canada)
- Family's ethno-cultural background

## AFFORDABILITY

Because child care costs in Toronto are very high, affordability is the most significant factor that impacts demand for licensed child care. According to this study, licensed child care is considered either unaffordable or completely unaffordable for 75% of families in Toronto. The Family Income Affordability Measure calculates the ratio of the net price of licensed child care to the net income of the family, for each family in a data set that is representative of the City of Toronto. The average value of the Family Income Affordability Measure (FIAM) is almost exactly 25%. In other words, the average Toronto family with children 0-5 would have to spend 25% of their total net income in order to purchase licensed child care services for their young children.

An alternative measure (the Caregiving Parent Affordability Measure or CPAM) compares licensed child care fees to the expected income of the main caregiving parent in the family. A typical Toronto family would need to spend more than half of the after-tax after-benefit income contribution earned by the main caregiving parent if they wanted to purchase licensed child care for their young children.

Affordability affects what families do. Currently, 63% of families are likely to use licensed child care if its total cost is less than 10% of net family income. However, only 15% of families will use licensed child care if child care costs more than 20% of net family income. Affordability is truly a barrier to the use of licensed care for many families.

**Table A**

**Affordability Measured by Family Income Affordability Measure – Percent of Toronto Families and Probability of Using Licensed Child Care**

	<b>Percent of families</b>		<b>Probability of using licensed child care (%)</b>
<b>Affordable (Less than 10% of net family income)</b>	<b>25</b>		<b>63</b>
<b>Unaffordable (Between 10% and 20% of net family income)</b>	<b>25</b>		<b>38</b>
<b>Completely Unaffordable (More than 20% of net family income).</b>	<b>50</b>		<b>15</b>

Because affordability is such an important driver of demand, fee subsidies can significantly improve access to child care for many families. For families who do not receive fee subsidy (full-fee families), the high costs of licensed child care are often a considerable financial burden. This is especially true for middle-income families but can also be true for higher-income families as well, depending on their child care costs and number of children.

## **GROWTH**

If conditions of affordability do not change, this study finds that there is limited room for growth in the licensed child care system across all age groups – approximately 4,000 spaces for 0-5 year olds, and 3,250 spaces for 6-9 year olds.

**Table B**

**Current Supply and Estimated Demand for Licensed Child Care Spaces, by Age Category and Total**

<b>2015</b>	<b>Current Supply</b>	<b>Demand</b>	<b>Difference</b>
<b>Licensed spaces (0-5)</b>	<b>47,136</b>	<b>51,205</b>	<b>4,069</b>
<b>(Percent of population)*</b>	<b>(28)</b>	<b>(31)</b>	<b>(3)</b>
<b>Infant</b>	<b>3,311</b>	<b>3,710</b>	<b>399</b>
<b>Toddler</b>	<b>9,087</b>	<b>10,510</b>	<b>1,423</b>
<b>Preschool</b>	<b>22,769</b>	<b>23,415</b>	<b>646</b>
<b>Kindergarten</b>	<b>11,969</b>	<b>13,570</b>	<b>1,601</b>
<b>Licensed spaces (6-9)</b>	<b>18,728</b>	<b>21,975</b>	<b>3,247</b>
<b>(Percent of population)*</b>	<b>(17)</b>	<b>(20)</b>	<b>(3)</b>
<b>Total licensed spaces</b>	<b>65,864</b>	<b>73,180</b>	<b>7,316</b>
<b>(Percent of population)*</b>	<b>(24)</b>	<b>(27)</b>	<b>(3)</b>

\* Based on the following child populations in 2015: 167,545 children aged 0-5, 107,355 children aged 6-9, for a total population of 274,900 children aged 0-9.

**POTENTIAL DEMAND**

There is high potential demand for licensed child care in Toronto if affordability were improved. The Age 0-5 demand model was used to simulate how the following three policy changes would impact demand for and affordability of licensed child care in Toronto:

- Providing fee subsidies for all eligible families

- Capping costs at 10% of family income
- Capping fees at \$20 per day per child

## IMPACT ON DEMAND

In all three policy simulations, demand for licensed child care would increase significantly across all age groups. Providing subsidies for all eligible families would increase demand from 28% of the child population to 45%. Alternatively, capping fees at 10% of net family income would increase demand to 48%, and the \$20/day per child simulation would increase demand to 52%.

**Table C**

### Current Supply and Potential Demand for Licensed Child Under Three Alternative Policy Simulations

	Supply	Simulation 1: Subsidies for all eligible families	Simulation 2: Cap of 10% of family income	Simulation 3: Cap of \$20/day per child
<b>Children 0-5 years</b>	<b>47,136</b>	<b>76,135</b>	<b>79,775</b>	<b>86,625</b>
<b>Increased demand</b>	<b>--</b>	<b>+ 28,999</b>	<b>+ 32,639</b>	<b>+ 39,489</b>
<b>(Percent of population)</b>	<b>(28)</b>	<b>(45)</b>	<b>(48)</b>	<b>(52)</b>

Each of these simulations has a substantial effect increasing the demand for licensed child care and increasing the amount of parental employment. The distribution of the effects on demand and affordability is different across these three simulations. However, each of the policies simulated would substantially improve the affordability of licensed child care services.

## IMPACT ON AFFORDABILITY

Capping fees at 10% of after-tax family income would clearly have the most significant impact on affordability because it uses the affordability benchmark to set the maximum fee payable. The maximum fee of \$20/day per child has the next largest impact on affordability by bringing 76% of families into the affordable range (see Table D). Providing fee subsidies for everyone eligible would also improve affordability considerably; it brings over 60% of families into the affordable range.

However, there are tradeoffs. Providing subsidies for all eligible families does the most to improve licensed child care use and employment for lower-income families. Lowering licensed child care fees to \$20 per day has the biggest overall impact on parental employment, particularly full-time employment.

**Table D**  
**Effects on Affordability: Three Alternative Policy Simulations**

Degree of Affordability	Actual %	Simulation 1: Subsidies for all eligible families %	Simulation 2: Cap of 10% of family income %	Simulation 3: Cap of \$20/day per child %
Affordable (<10% of net family income)	25	60.5	100	76
Unaffordable (10%-20% of net family income)	25	27	0	20
Completely Unaffordable (>20% of net family income)	50	12.5	0	4



## IMPACT ON ACCESS

When we compare the probability of using licensed child care by expected household income, we can see variation in the impacts of each policy simulation. Providing fee subsidies for all eligible families will have the greatest impact on helping households that make less than \$50,000 to access licensed care. On the other hand, the \$20/day simulation will create a more even playing field across income levels, it is the households that make over \$100,000 that will see the biggest improvement in access.

Table E

### Projected Use of Licensed Child Care by Household Income Under Three Alternative Policy Simulations

Expected Household Annual Income (Before Tax)	Probability of using licensed child care			
	Base Case %	Simulation 1: Subsidies for all eligible families %	Simulation 2: Cap of 10 of family income %	Simulation 3: Cap of \$20/day per child %
Less than \$50,000	38	62	56	54
\$50,000 - \$99,999	29	41	45	50
\$100,000 or more	33	34	44	59

## CONCLUSION

Growth in Toronto's licensed child care system requires addressing affordability. Results from the Licensed Child Care Demand and Affordability Study show that many families struggle to afford the costs of licensed child care. If policies that significantly reduce those costs were implemented, Toronto would see dramatic increases in the demand for licensed child care and dramatic increases in parental employment. While there is still room for growth in Toronto's child care system, under current conditions there are limits to the access to licensed child care. This is true both for families who are eligible for child care subsidies but still on the waiting list, and for full-fee families who are not eligible for child care subsidies.

## Chapter 1 | Introduction

This is the report of a study commissioned by the City of Toronto, in particular by Toronto Children's Services. It is a study of the demand for licensed child care services and also an analysis of the affordability of those services in the City. At the heart of this project has been the development of a method for the City of Toronto to use in making projections of future demand for licensed child care, and a method for analyzing the evolution of affordability of early childhood education for Toronto families. Those methods have been used to construct models, held within the Research Data Centre at the University of Toronto, that permit the City of Toronto (now and in the future) to simulate the effects of changes in various conditions and policies that may influence the demand for and affordability of licensed child care. The statistical model that has been constructed for the City can be used as a planning tool to analyze the patterns of child care demand in Toronto's neighbourhoods and across the City as a whole.

Many of the technical details of the methods used to construct these models and of the statistical results are provided in the Technical Report. This Final Report provides summaries of results from different components of the project; those looking for detailed discussion of methods should consult the Technical Report.

The numerical analysis of demand and affordability is supplemented and enriched by the voices of many parents in Toronto who participated in focus groups to talk about issues and problems related to the accessibility, affordability and use of licensed child care services. This report also summarizes evidence from a 2016 survey of Toronto families and their employment and child care choices.

## Chapter 2 | Mandate, Objectives and Plans

The objective of the Licensed Child Care Demand and Growth Study has been to develop a robust method for a) measuring demand for licensed child care spaces in Toronto, and b) defining and analyzing affordability of child care in Toronto. The study also simulates the effects on demand and affordability of alternative possible policy reforms.

### TERMINOLOGY OF DEMAND AND AFFORDABILITY

The term “demand” is understood differently by researchers from different backgrounds. For an economist, the demand for licensed child care refers to the number of children who will actually use licensed child care under specified conditions (i.e., particular prices of care, particular subsidy systems, etc.). We might think of this as the “constrained demand” for child care (constrained by current high prices and relatively low incomes). For researchers from some other backgrounds, the demand for licensed child care refers to the amount of licensed child care that families would like to be able to use if their ability was not so constrained by high fees and low incomes. We might think of this as the “potential demand” for child care. Both of these concepts come together in the way we analyze child care demand in this study.

The potential demand for licensed child care is very large; we analyze potential demand later in this study. However, the constrained demand is more modest, because child care fees are very high relative to parent incomes and therefore make the services prohibitively expensive for many.

We analyze the constrained demand because we want to know how much of an effect on actual use patterns the high child care fees and low family incomes will have. But we also use the demand models to analyze what would happen to child care demand (and affordability) if government policies were used to loosen these price and income constraints. Both “constrained demand” and “potential demand”

concepts are useful, particularly when we are considering future growth possibilities and policy reforms.

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. So, a demand model should be able to estimate the number of children in each geographical area of the city who would be willing to use licensed child care if the conditions were different. These different conditions might be a different set of average market prices for different ages of children, a different set of subsidy eligibility rules, or a growth in the population of children in that area of the city. And the growth in population could be a growth of low-income families only, or families from certain immigrant or ethnic backgrounds, a change in the proportion of parents in the labour force, and so on.

Child care in Canada is a purchased service, though prices can be affected in important ways by government policies. “Affordability” refers to the ability of families to pay for the licensed child care they might want or need for their children and to support labour force or educational activities.

The ability to afford licensed child care is family-specific; some families have high incomes, some low; some families are eligible for subsidy, some are not; some families have multiple and younger children, some have only one and/or older children, and so on. The City needs to be able to calculate family-specific affordability in order to analyze which types of families in what kinds of circumstances have larger and smaller degrees of ability to afford to pay fees for licensed child care. The City also needs to be able to model the amount of impact on affordability that possible policy changes will have.

Every few years, the City of Toronto develops a new service plan for licensed child care services in the City. This service plan tries to project the amount and type of child care services that will be needed over the next period, as a guide to City

investments and City policies and programs. The City needs to know where demand will be greater in the future, what kinds of families will have the greater demand, and how subsidy or other changes initiated by the City of Toronto or other governments might influence the demand for licensed child care. In combination with an affordability model, this will permit the City to identify neighbourhoods and families with higher and lower ability (or inability) to afford child care and to measure the demand for child care under current or changed conditions.

The fundamental objective of the project has been to develop a behavioural micro-simulation model of licensed child care demand and a model for measuring and analyzing the affordability of licensed child care in the City of Toronto. The demand model is able to simulate the future demand for licensed child care as population totals and characteristics change. It can produce simulations of changes in demand as provincial and city policies change. The affordability model is able to measure and simulate changes in the affordability of licensed child care as incomes and prices change. Demand and affordability measures can be provided for groupings of neighbourhoods in the City of Toronto – neighbourhoods that the City uses for planning the provision of services.

These demand and affordability models need to be regularly updated with current data to maintain their abilities to accurately simulate demand and affordability.

## Chapter 3 | The Main Components of the Study: Demand and Affordability Simulation Models, Focus Groups, and a Survey of Toronto Families

The Study Team planned four components of its investigation into the demand and affordability of licensed child care in the City of Toronto.

- I. We built and estimated a model of the demand for licensed child care in the City. This became two models, with a separation between children below compulsory school age and those above it. For those children who are younger than compulsory school age, the model looks at the influence of factors such as the price of child care, the eligibility for subsidy, the potential earnings of the main caregiving parent<sup>1</sup>, the age of the youngest child in the family, the number of children in the family, the immigrant status of families and the ethno-cultural background of families. All of these factors affect the demand for licensed child care and the linked decisions about employment, especially when children are not yet in grade school. Using Canadian data sets, the effect of these factors on the demand for child care and employment were estimated, and these estimates were incorporated in a model that allows the City of Toronto to calculate future demand for licensed child care. There is no data on availability and quality of licensed child care that would permit us to estimate the influence of these factors on demand. A somewhat similar model, but without the simultaneous prediction of employment decisions, has been built to calculate the demand for school-aged licensed child care.
  
- II. We built a simulation model to calculate the ability of Toronto families to afford licensed child care services. This model incorporates two measures of affordability; one is total family income and the other is based on the potential

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<sup>1</sup> The decision that typically triggers the need for child care is the decision to be employed of the parent who takes major responsibility for the care of children. In the absence of other information, it is assumed that the main caregiving parent is the mother in a two-parent heterosexual family, the lone parent in a lone parent family, and the lower earner in a family with two parents of the same gender.

earnings of the main caregiving parent, usually the mother. Both of these measures account for the effect of taxes, child benefits, and child care tax deductions or credits on the affordability of child care services. This simulation model can calculate the expected effects of different potential policy changes on the affordability of child care for representative Toronto families.

- III. We held eight focus groups in different communities across Toronto in March and April to hear stories and experiences directly from Toronto families. In order to ensure a cross-section of the Toronto population, focus groups were organized in different parts of the city between March 22 and April 12, 2016. Two of the focus groups were oriented exclusively to immigrant parents and a third was focused on the concerns and issues of Aboriginal parents. In fact, most of the focus groups comprised new and established immigrants as well as Canadian-born. Parents discussed issues of child care affordability and access; difficulties with the child care subsidy system, linkages with full-day kindergarten, problems of unstable employment and many other barriers to accessing and using child care. The report of focus group results appears as Appendix A.
  
- IV. We designed a survey on the child care and employment patterns of Toronto families in March-May 2016 to supplement and update the information available to us from Canada-wide surveys on the same subjects. We contracted with EKOS Research Associates to recruit a sample and conduct this survey. The report of the results from this survey of the child care arrangements of Toronto families in 2016 appears as Appendix B.

## Chapter 4 | Licensed Child Care Demand for Children 0-5 Years of Age – Current Constrained Demand

### MAIN POINTS:

- There is currently demand for about 51,000 licensed child care spaces for children 0-5 years
- Demand for about 20,000 spaces is supported by full or partial subsidies to eligible families
- The key factors influencing demand include affordability (child care fees and parents' incomes), age of the youngest child, number of children in the family, whether family is sole parent or two parent, immigrant status (how many years in Canada), and ethno-cultural background.
- The availability of child care subsidies to low and middle income families has substantially reduced the influence of where families live on their access to licensed child care

The Age 0-5 demand model estimates demand for licensed child care services at just about 51,000 children 0-5 years of age in Toronto in 2015. Since there were about 20,000 children in this age bracket receiving child care subsidies (see Table 2) that means that there is full-fee demand for about 31,000 children.



**TABLE 1**

**DEMAND FOR CHILD CARE: NUMBER OF CHILDREN 0-5, PROJECTIONS FROM MODEL, 2015**

Type of Arrangement	Number of Children
Licensed Child Care	51,205
Unlicensed Paid Child Care	13,350
Parent Care while Main Caregiving Parent (MCP) is Employed	50,985
MCP not employed	52,005
<b>TOTAL CHILDREN</b>	<b>167,545*</b>

\*Note that the demand model excludes children whose main caregiving parent is currently on maternity or parental leave

Table 2 shows the breakdown of the demand for licensed child care by age category of children and by whether the children receive subsidy or not.

**TABLE 2**

**DEMAND FOR CHILD CARE BY AGE CATEGORY AND SUBSIDY STATUS: NUMBER OF CHILDREN 0-5, PROJECTIONS FROM MODEL, 2016**

Age Category	Children Demanding Licensed Child Care	Children Receiving Full or Partial Subsidy
Infants	3,710	2,405
Toddlers	10,510	4,240
Preschool	23,415	7,235
Kindergarten (Before and After School)	13,570	6,060
<b>TOTAL</b>	<b>51,205</b>	<b>19,940</b>

The demand for licensed child care varies according to family situation. Much of this is driven by affordability, which is measured and analyzed in the next chapter. As Table 3 indicates, the greater the number of young children (i.e., 0-5 years) there are in a family, the less likely the family is to demand licensed care. Across all families with young children in Toronto in 2015, the final row in Table 3 shows that 33.2% demanded licensed child care. But that demand came from nearly 37% of the families with only one young child, 24% of the families with two young children, and about 12% of families with three or more children 0-5 years of age.

The third column in Table 3, and in succeeding tables refers to the probability that the main caregiving parent will be employed full-time. Access to licensed child care is strongly linked to full-time employment. Parent or relative care, for instance, is more strongly related to part-time employment of the main caregiving parent (or to no employment). The third column in Table 3 shows how the probability of being employed full-time decreases as the number of young children in the family increases (and, therefore, as the probability of using licensed child care falls).

**TABLE 3**

**PROBABILITY OF USING LICENSED CHILD CARE AND FULL-TIME EMPLOYMENT, 2015**

<b>Number of children 0-5 In family</b>	<b>Probability of using licensed care (% of families)</b>	<b>Probability of main caregiving parent being employed full-time (%)</b>
<b>One child</b>	36.9	52.2
<b>Two children</b>	24.3	35.1
<b>Three children or more</b>	12.1	19.4
<b>Average across all families</b>	33.2	47.2

Immigrant status matters for child care demand as well. As Table 4 shows, the projected use of licensed care is relatively low for immigrants within the first 10 years after arrival (at about 19%-20% of families). By the time immigrants have been in Canada for over 10 years, their child care decisions mirror those of Canadian-born families (at about 27%-28%). The probability of full-time employment is also strongly related to immigrant status; families with a main caregiving parent born in another country are less likely to be full-time employed than a parent born in Canada.

**TABLE 4**

**IMMIGRANT BACKGROUND OF MAIN CAREGIVING PARENT AND PROBABILITY OF USING LICENSED CHILD CARE AND FULL-TIME EMPLOYMENT, 2015**

<b>Immigrant Status of Main Caregiving Parent</b>	<b>Probability of using licensed care (%)</b>	<b>Probability of main caregiving parent being employed full-time (%)</b>
<b>Immigrated less than 5 years ago</b>	26.6	44.9
<b>Immigrated 5-10 years ago</b>	29.8	40.3
<b>Immigrated more than 10 years ago</b>	35.3	45.0
<b>Canadian-born; not an immigrant</b>	37.3	53.7
<b>Average across all families</b>	33.2	47.2

Toronto's child care subsidy system has important effects on the demand for licensed child care. Parents who would not otherwise be able to afford the use of licensed services and be employed full-time can do so if they are able to access child care subsidies. Families earning less than \$20,000 are eligible for a full subsidy; above that income level, they may be eligible for a partial subsidy of the costs of licensed child care.

Lone parents, because total family income is lower, are more likely than two parent families to be eligible for child care subsidy. Table 5 shows one of the positive effects of the subsidy system; many lone parents with children 0-5 years are able to use licensed child care and work full-time.

***“ I work a 12-hour night shift and come home in the morning and my wife works part-time. Sleeping is luxury time. It is very stressful trying to find someone to care for the lapse in our schedules.”***

Toronto focus group parent

***“ I changed my shift, so I work at night. I can then pick them (the kids) up and drop them off at school. I changed my shift to make it work. I work at night; my husband works during the day. My parents had helped before, but then they went back to India.”***

Toronto focus group parent

***“ Maybe my husband and I will do alternate shifts... one of us in the morning, one in the night. I can't trust anybody else with them. I have three girls, so we'll do alternate shifts.”***

Toronto focus group parent

TABLE 5

## NUMBER OF PARENTS LIVING WITH CHILD(REN) AND PROBABILITY OF USING LICENSED CHILD CARE AND FULL-TIME EMPLOYMENT, 2015

Number of parents living with child	Probability of using licensed care (%)	Probability of main caregiving parent being employed full-time (%)
One Parent	53.3	52.2
Two Parents	28.7	46.1
Average across all families	33.2	47.2

***“ I have an infant and I’m due to return from maternity leave but I can’t find an infant space. So, right now, we are eating into our savings and RRSPs because I can’t work until we find a space. ”***

Toronto focus group parent

Many factors go into the relationship between household income and the demand for licensed child care (including number of children, immigrant status, number of parents living with the child, eligibility for subsidy, and so on). Table 6 shows the relationship between pre-tax expected household income and the demand for licensed child care and full-time employment. Expected household income includes the expected employment income of the main caregiving parent if she is employed and the income of her spouse, if any. We can interpret this as the potential pre-tax employment income of the family.

TABLE 6

EXPECTED HOUSEHOLD INCOME BEFORE TAXES AND PROBABILITY OF USING LICENSED CHILD CARE AND FULL-TIME EMPLOYMENT, 2015

Expected Household Annual Income (Before Tax)	Probability of using licensed care (%)	Probability of main caregiving parent being employed full-time (%)
Less than \$50,000	37.5	46.7
\$50,000-\$99,999	28.5	45.0
\$100,000 or more	33.3	50.9
Average across all families	33.2	47.2

We can see in Table 6 that lower income families are particularly likely to demand licensed child care, because of the subsidy system. Middle income families may only be eligible for partial subsidy, if at all, and their incomes are not high enough to readily afford full fees. As a result, middle income families are less likely to demand licensed child care and the main caregiving parent is less likely to be fully employed than either lower or higher income families. Higher income families, presumably less constrained by the cost of care, are more likely than middle income families to demand licensed care.

***“My preference is for home care because the food is better and more culturally appropriate.”***

Toronto focus group parent

**“Full day kindergarten saved me money and I am able to make informal arrangements for the 2-4 hours a day outside of full-day kindergarten.”**

Toronto focus group parent

Table 7 provides a fascinating mini-evaluation of the effects of the subsidy system. This table groups Toronto’s 140 neighbourhoods into four groups according to median income in the National Household Survey, 2011 – lowest income quartile, second income quartile, and so on. Note that each neighbourhood may have low and high income families, but the lowest income quartile will have more low-income families and fewer high-income families.

Table 7 shows the probability of using licensed care for families in each group of neighbourhoods (e.g., the quartile with the lowest median incomes, the second income quartile, etc.). The second column of this table shows the demand for licensed care only for those families who do not currently receive child care subsidies. The third column shows the demand for licensed child care both from subsidized and non-subsidized families. The difference between these two columns is remarkable.

**TABLE 7**  
**EFFECT OF INCOME-LEVEL OF NEIGHBOURHOOD ON THE PROBABILITY OF USING LICENSED CHILD CARE AND FULL-TIME EMPLOYMENT, EFFECTS OF SUBSIDY SYSTEM, 2015**

<b>Quartiles of Neighbourhoods Grouped by Median Income</b>	<b>Percentage of unsubsidized families using licensed care (%)</b>	<b>Percentage of all families using licensed care (%)</b>
<b>Lowest 25% of neighbourhoods by Income</b>	17.3	28.8
<b>Second 25% of neighbourhoods</b>	20.6	33.3
<b>Third 25% of neighbourhoods</b>	25.6	33.5
<b>Top 25% of neighbourhoods by Income</b>	30.7	35.5
<b>Average across families</b>	24.1	33.3

The second column shows that for families who do not currently receive child care subsidies, where you live ends up having a big influence on your access to child care. Only 17% of families in the lowest income quartile of neighbourhoods have the financial ability and employment situation that allows them to demand licensed child care. That rises to 21% and 26% in the second and third quartile of neighbourhoods and about 31% of families in the higher income neighbourhoods.

However, the third column shows a different picture. This column includes both subsidized and unsubsidized families in all neighbourhoods. Now, about one-third of families demand licensed care, and that demand is relatively even across low and higher income neighbourhoods. Child care subsidies may not yet have made child care affordable for all families, but these subsidies have dramatically reduced the effect of where you live on the patterns of demand.

**“  
No flexible hours beyond 6 p.m. or on weekends and that’s when I  
work! Modern families need different systems set up for different  
lifestyles: 7:30 a.m. to 6:00 p.m. doesn’t work and there are no part-  
time options so it makes for a very difficult and very inflexible work  
schedule.”**

Toronto focus group parent



## Chapter 5 | Licensed Child Care Demand for Children 6-9 Years of Age – Current Constrained Demand

### Main Points:

- There is demand for licensed care by about 22,000 schoolaged children in Toronto. There are subsidies for approximately 8,000 schoolaged children.
- The demand for licensed care varies according to family situation. For instance, lone parent families are about twice as likely to demand licensed care for their children 6-9 years of age, partly because of subsidy availability, partly because of reduced availability of care by family members.
- Recent immigrants are less likely to use licensed care than families in which the main caregiving parent was born in Canada.
- The greater the number of children 0-9, the less likely the family is to use schoolaged licensed care
- Middle-income families are less likely to use licensed care. They are less likely to get much child care subsidy and do not have high enough incomes to make paid care affordable.
- The availability of child care subsidies to low and middle income families has substantially reduced the influence of where families live on their access to licensed child care

The Study Team has built a software model to predict and analyze demand for schoolaged child care in the City of Toronto<sup>2</sup>.

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<sup>2</sup> Note that we use the term “schoolaged” to refer to children 6-9 who are of compulsory school age. This term does not include kindergarten-aged children.

Because of data limitations, the schoolaged model can only analyze child care demand for children 6-9 years of age, and not 6-12 years of age. The Survey of Young Canadians did not collect data about child care arrangements for children 10-12. We have built a schoolaged child care demand model in which the choice of a care arrangement is conditional upon the labour force decision of the main caregiving parent. The demand model does not also model employment decisions; in effect, we assume that employment decisions are made first and then child care decisions are made second for schoolaged children. The decisions are linked, but in a different way than for children 0-5.

For families that have a child 6-9, but also have at least one child 0-5 years of age, we use the preschool demand model to predict the employment decision (full-time, part-time, not in the labour force) of the main caregiving parent and then use that in the prediction model for schoolaged children in that family. For families that have no children 0-5, we take their actual employment status given in the National Household Survey to help predict the care arrangement decision they will make for schoolaged children. The following tables indicate the distribution of child care decisions in the base case.

The model estimates demand for licensed child care services at just less than 22,000 children 6-9 years of age in Toronto in 2015. Since there were about 8,000 children in this age bracket who receive child care subsidies (see Table 46), that means that there is full-fee demand for about 14,000 children.

**TABLE 8**

**DEMAND FOR CHILD CARE: NUMBER OF CHILDREN 6-9, PROJECTIONS FROM MODEL, 2015**

<b>Type of Arrangement</b>	<b>Number of Children 6-9 Years</b>
<b>Licensed Child Care</b>	21,975
<b>Unlicensed Paid Child Care</b>	17,725
<b>Parent Care While Main Caregiving Parent Is Employed</b>	39,790
<b>Parent Not Employed</b>	27,860
<b>TOTAL CHILDREN</b>	107,355

Table 9 shows the current demand for licensed child care and the number of children receiving subsidy.

**TABLE 9**

**DEMAND FOR CHILD CARE AND SUBSIDY STATUS: NUMBER OF CHILDREN 6-9, PROJECTIONS FROM MODEL, 2015**

<b>Age Category</b>	<b>Number of Children Demanding Licensed Child Care</b>	<b>Number of Children Receiving Full or Partial Subsidy</b>
<b>Schoolaged (6-9 years of age)</b>	21,975	8,350

The demand for licensed child care varies according to family situation. As Table 10 indicates, the more children 0-9 years of age in a family, the less likely the family is to demand licensed care for its schoolaged children. Across all families with schoolaged children in Toronto in 2015, the final row in Table 10 shows that 19.6% demanded licensed child care. But that demand came from 22% of the families with one or two children, and about 15% of families with three children 0-9 years of age.

**TABLE 10**

**PROBABILITY OF USING LICENSED CHILD CARE FOR SCHOOLAGED CHILDREN BY NUMBER OF CHILDREN 0-9 IN FAMILY, 2015**

<b>Number of children 0-9 in family</b>	<b>Probability of using licensed care (% of families)</b>
<b>One child 0-9</b>	22.3
<b>Two children 0-9</b>	21.8
<b>Three children 0-9</b>	14.7
<b>Average of all families</b>	19.6

Immigrant status matters for child care demand as well. As Table 11 shows, the projected use of licensed schoolaged care is relatively low for immigrants within the first 10 years after arrival (at about 15%-16% of families). By the time immigrants have been in Canada for over 10 years, about 19% will use schoolaged care. Families in which the main caregiving parent is Canadian-born have nearly a 24% likelihood of using licensed schoolaged child care

TABLE 11

**IMMIGRANT BACKGROUND OF MAIN CAREGIVING PARENT AND PROBABILITY OF USING LICENSED CHILD CARE AND FULL-TIME EMPLOYMENT, 2015**

<b>Immigrant Status of Main Caregiving Parent (MCP)</b>	<b>Probability of using licensed care (% of families)</b>
<b>Immigrated less than 5 years ago</b>	15.7
<b>Immigrated 5-10 years ago</b>	15.0
<b>Immigrated more than 10 years ago</b>	19.3
<b>Canadian-born; not an immigrant</b>	23.9
<b>Average of all families</b>	19.6

Toronto's child care subsidy system has important effects on the demand for licensed schoolaged child care, as it does for younger children. Parents who would not otherwise be able to afford the use of licensed services can do so if they are able to access child care subsidies. Families earning less than \$20,000 are eligible for a full subsidy; above that income level, they may be eligible for a partial subsidy of the costs of licensed child care. Chapter 7 discusses eligibility for child care subsidy.

Table 12 shows that many lone parents with children 6-9 years use licensed child care. Because lone parent families typically have lower incomes than two parent families, they are more likely to be eligible for child care subsidy. Lone parent families also have fewer family members available to provide care. Nearly one-third of families headed by a sole parent use licensed schoolaged child care, whereas only about 16% of two parent families use licensed schoolaged care.

**TABLE 12**

**NUMBER OF PARENTS LIVING WITH CHILD(REN) AND PROBABILITY OF USING LICENSED SCHOOLAGED CHILD CARE, 2015**

<b># of Parents Living with Child(ren)</b>	<b>Probability of using licensed care (%)</b>
<b>One Parent</b>	33.2
<b>Two Parents</b>	15.5
<b>Average of all families</b>	19.6

Many factors go into the relationship between household income and the demand for licensed child care (including number of children, immigrant status, number of parents living with the child, eligibility for subsidy, and so on). Table 13 shows the relationship between pre-tax expected household income and the demand for licensed child care. Expected household income includes the expected employment income of the main caregiving parent if she is employed and the income of her spouse, if any. We can interpret this as the potential pre-tax employment income of the family.

TABLE 13

**EXPECTED HOUSEHOLD INCOME BEFORE TAXES AND PROBABILITY OF USING LICENSED SCHOOLAGED CHILD CARE, 2015**

<b>Expected Household Annual Income (Before Tax)</b>	<b>Probability of using licensed care (% of families)</b>
<b>Less than \$50,000</b>	24.2
<b>\$50,000-\$99,999</b>	14.3
<b>\$100,000 or more</b>	19.4
<b>Average of all families</b>	19.6

We can see in Table 13 that lower income families are particularly likely to demand licensed child care, presumably because of the subsidy system. Middle income families may only be eligible for partial subsidy, if at all, and their incomes are not high enough to readily afford full fees. As a result, middle income families are less likely to demand licensed schoolaged child care than either lower or higher income families. Higher income families, presumably less constrained by the cost of care, are more likely than middle income families to demand licensed care.

Table 14 provides a fascinating mini-evaluation of the effects of the subsidy system, parallel to that in the previous chapter on children 0-5 years. This table groups Toronto's 140 neighbourhoods into four groups according to median income – lowest income quartile, second income quartile, and so on. Note that each neighbourhood may have low and high income families, but the lowest income quartile will have more low-income families and fewer high-income families.

Table 14 shows the probability of using licensed care for families in each group of neighbourhoods (e.g., the quartile with the lowest median incomes, the second

income quartile, etc.). The second column of this table shows the demand for licensed care only for those families who do not currently receive child care subsidies. The third column shows the demand for licensed child care from both subsidized and non-subsidized families. The difference between these two columns is striking.

**TABLE 14**

**EFFECT OF INCOME-LEVEL OF NEIGHBOURHOOD ON THE PROBABILITY OF USING LICENSED SCHOOLAGED CHILD CARE, EFFECTS OF SUBSIDY SYSTEM, 2015**

<b>Quartiles of Neighbourhoods Grouped by Median Income</b>	<b>Percentage of unsubsidized families using licensed care</b>	<b>Percentage of all families using licensed care</b>
<b>Lowest 25% of neighbourhoods by Income</b>	10.9	20.8
<b>Second 25%</b>	12.5	17.3
<b>Third 25%</b>	15.7	19.6
<b>Top 25% of neighbourhoods by Income</b>	19.2	21.9
<b>Average of families</b>	14.8	19.6

The second column shows that for families who do not receive a child care subsidy, where you live ends up having a big influence on your access to child care. Only 11% of families in the lowest income quartile of neighbourhoods have the financial ability and employment situation that allows them to demand licensed schoolaged child care. That rises to 13% and 16% in the second and third quartile of neighbourhoods and about 19% of families in the higher income neighbourhoods.



However, the third column shows a different picture. This column includes both subsidized and unsubsidized families in all neighbourhoods. Now, about one-fifth of families demand licensed schoolaged child care, and that demand is fairly even across low and higher income neighbourhoods. Child care subsidies may not yet have made child care affordable for all families, but these subsidies have dramatically reduced the effect of where you live on the patterns of demand.

## Chapter 6 | Can Toronto Families Afford Licensed Child Care, and What Are the Implications?

### MAIN POINTS:

- The study presents two measures of affordability of licensed child care – the Family Income Affordability Measure (FIAM) and the Caregiving Parent Affordability Measure (CPAM). Both are family-specific.
- The FIAM is a measure of the inequality of burden that child care costs impose on different families. The CPAM measures the percentage of the net income contribution of the main caregiving parent that child care costs will eat up when she goes to work, and is therefore closely related to the decision to use licensed child care to support employment.
- There is no consensus on the dividing line between “affordability” and “unaffordability”. This study adopts the convention that spending less than 10% of net family income on child care is affordable, between 10% and 20% is unaffordable, and 20% or more is completely unaffordable. The corresponding convention for the Caregiving Parent Affordability Measure is that spending less than 30% of her net contribution is affordable, 30% - 60% is unaffordable and 60% or over is completely unaffordable.
- Currently, licensed child care is affordable for about one-quarter of all Toronto families with children 0-5 years of age, by either one of these affordability measures. It is unaffordable for another one-quarter of families and completely unaffordable for half of all families.
- Measured affordability is closely related to employment and child care decisions. In over 65% of families where licensed child care is affordable (by CPAM), the main caregiving parent is employed full-time. In less than 32% of families in which licensed child care is completely unaffordable, the main caregiving parent is employed full-time. Similar patterns are seen using the Family Income Affordability Measure.
- Affordability varies by family circumstance. On average, affordability is worse if the youngest child is one year of age, the main caregiving parent is a recent immigrant, there

are two children 0-5 in the family, or the main caregiving parent has a high school education or less. In contrast, affordability is, on average, better if the youngest child is five years of age, the main caregiving parent is Canadian-born, there is only one child 0-5 in the family or the main caregiving parent has a university degree.

The Study Team has developed two measures of the affordability of licensed child care: the Family Income Affordability Measure (FIAM) and the Caregiving Parent Affordability Measure (CPAM). Both of these are based on the cost of care for children 0-5 years of age in a family. The details of these two measures are described in more depth in the Technical Report (Cleveland, Krashinsky, Colley and Avery-Nunez, 2016).

The Family Income Affordability Measure (FIAM) calculates the ratio of the net price of licensed child care to the total expected income of the family after taxes and after any child and family benefits, such as the Canada Child Benefit. The FIAM is a measure of the inequality of burden that child care imposes on different families. It is measured as a percentage; a high number means that child care is unaffordable – it takes up a large proportion of the take-home income of the family.

A second measure of affordability is more closely related to the decision of families to use licensed child care or not and of the main caregiving parent to be employed. The Caregiving Parent Affordability Measure (CPAM) assumes that it is the main caregiving parent's decision to be employed (particularly, full-time employed) that most often triggers the demand for a regular child care arrangement. The decision will depend on how the expected net income contribution that this parent makes to household income is related to the net cost of child care. The CPAM calculates this ratio of the expected price of licensed care to the expected net contribution that the earnings of this parent makes to household income. When the fee for child care is a very substantial proportion of expected earnings, this parent is very much more likely not to be employed, or to seek informal child care arrangements (often parent or relative care) that have a low dollar cost. The CPAM is an affordability measure that

is particularly relevant when a policy maker is considering the possibility of how affordability relates to changes in employment and child care type used.

In 2015, the price of licensed child care in Toronto was very high. Based on City of Toronto data, the average annual full fee for infants was about \$21,000, for toddlers was about \$17,000, and for children between toddler age and kindergarten was about \$13,000. The fee for before and after school care for kindergarten-aged children was between \$30-\$31 per day, during the school year, and generally a higher fee for full-time care in the rest of the year. At those daily fees, care would cost \$6,200 for the school year or nearly \$8,100 for the full year (at the same daily rate). A family with several children 0-5 years would face the sum of two or more of these prices.

It is not clear where the dividing line between “affordability” and “unaffordability” should be drawn. Ultimately, that is a question for politicians, policy makers and advocates to answer. However, there are some guidelines provided by what policy makers have done or suggested in various countries.

For instance, the recent Manitoba Early Learning and Child Care Commission Final Report (2016) quotes Korpi (2007) in noting that in Sweden, parents pay a maximum of 3% of family income for their first child, 2% more for their second child and 1% for the third child or more. A recent Commission report in Scotland recommended a sliding scale of fees with no family paying more than 10% of net family income (Commission for Child Care Reform, 2015). The Manitoba report also notes that the United States Department of Health and Human Services considers 10% of a family’s income to be the benchmark of what is affordable (U.S. Government Printing Office, 2013). Further, Hillary Clinton in the U.S. has recently pledged that, if she becomes President, no family will have to pay more than 10% of income to access child care (Washington Post, May 10 2016).

For the purposes of providing snapshots of affordability, we have adopted the following conventions for the Family Income Affordability Measure. We will consider licensed child care to be “affordable” if a family can access it for their 0-5 year-old children for less than 10% of after-tax, after-benefit family income (i.e., less than 10% of family disposable income), for any number of children. If licensed child care costs

10% to 19.99% of net family income, we will call it “unaffordable”. If purchasing licensed child care costs 20% or more of total family income after taxes and benefits, we will say that licensed child care is “completely unaffordable” for that family. Note that these categories are somewhat arbitrary; it would be easy to argue that paying up to 10% of family disposable income for child care is unaffordable for many families. However, for the purposes of this report, we will adopt the terminology as described.

A different set of conventions applies to the Caregiving Parent Affordability Measure. We will consider licensed child care to be “affordable” if a family can access it for their 0-5 year-old children for less than 30% of the after-tax, after-benefit earnings contribution that the “mother” would make to family income if employed (i.e., less than 30% of her net contribution). If licensed child care costs 30% to 59.99% of her net contribution, we will call it “unaffordable”. If purchasing licensed child care costs 60% or more of her earnings contribution after taxes and benefits, we will say that licensed child care is “completely unaffordable” for that family. We will see that the affordability of licensed child care is closely related to child care and employment behaviours.

The next two tables do some sample calculations of affordability. Table 15 shows families at different income levels, all with an infant child. The table shows taxes and benefits for the family, the gross child care price and then net child care price after the Child Care Expense Deduction, the level of after-tax after-benefit income of the family and then the calculated level of the Family Income Affordability Measure. Table 16 does the same for a family with two children, one a toddler and one of preschool age. It is useful to see how the gross calculation (i.e., gross child care price divided by gross family income) differs from the net calculation (i.e., net child care price divided by the after-tax after-benefit family income). Using net child care price and net income provides a better measure of the actual financial burden on a family that purchases licensed child care.

TABLE 15

## EFFECT OF INCOME LEVEL AND CHILD CARE FEES ON AFFORDABILITY WITH ONE INFANT

Family Income	Each Spouse Earns	Children	Taxes	Benefits	Gross Child Care Price	Net Child Care Price	After-Tax, After-Benefit Family Income	Value of Family Income Affordability Measure (FIAM) %
\$20,000	\$10,000	1 child: 1 year old	-\$825	\$8,775	\$21,230	\$20,617	\$31,520	65.4
\$40,000	\$20,000	1 child: 1 year old	\$3,254	\$7,598	\$21,230	\$18,043	\$45,994	39.2
\$60,000	\$30,000	1 child: 1 year old	\$9,427	\$4,561	\$21,230	\$19,682	\$57,054	34.5
\$80,000	\$40,000	1 child: 1 year old	\$15,092	\$4,161	\$21,230	\$19,495	\$70,989	27.5
\$100,000	\$50,000	1 child: 1 year old	\$21,402	\$3,761	\$21,230	\$18,760	\$84,279	22.3
\$120,000	\$60,000	1 child: 1 year old	\$28,066	\$3,361	\$21,230	\$18,944	\$97,215	19.5
\$140,000	\$70,000	1 child: 1 year old	\$34,296	\$3,256	\$21,230	\$19,050	\$110,880	17.2
\$160,000	\$80,000	1 child: 1 year old	\$40,949	\$3,256	\$21,230	\$18,920	\$124,228	15.2
\$180,000	\$90,000	1 child: 1 year old	\$47,946	\$3,256	\$21,230	\$18,408	\$137,230	13.4
\$200,000	\$100,000	1 child: 1 year old	\$56,412	\$3,256	\$21,230	\$18,191	\$148,764	12.2

TABLE 16

## EFFECT OF INCOME LEVEL AND CHILD CARE FEES ON AFFORDABILITY WITH ONE TODDLER AND ONE PRESCHOOLER

Family Income	Each Spouse Earns	Children	Taxes	Benefits	Gross Child Care Price	Net Child Care Price	After-Tax, After-Benefit Family Income	Value of Family Income Affordability Measure (FIAM) (%)
\$20,000	\$10,000	2 kids: 2 & 3 yrs	-\$825	\$15,948	\$30,406	\$29,665	\$40,613	73.0
\$40,000	\$20,000	2 kids: 2 & 3 yrs	\$2,985	\$15,796	\$30,406	\$23,645	\$56,651	41.7
\$60,000	\$30,000	2 kids: 2 & 3 yrs	\$7,585	\$10,116	\$30,406	\$25,978	\$66,371	38.9
\$80,000	\$40,000	2 kids: 2 & 3 yrs	\$13,251	\$8,602	\$30,406	\$26,769	\$79,191	33.8
\$100,000	\$50,000	2 kids: 2 & 3 yrs	\$19,842	\$7,802	\$30,406	\$25,379	\$91,800	25.4
\$120,000	\$60,000	2 kids: 2 & 3 yrs	\$26,463	\$7,002	\$30,406	\$25,555	\$104,379	24.4
\$140,000	\$70,000	2 kids: 2 & 3 yrs	\$32,693	\$6,512	\$30,406	\$25,895	\$117,659	22.0
\$160,000	\$80,000	2 kids: 2 & 3 yrs	\$39,173	\$6,512	\$30,406	\$25,666	\$131,179	19.6
\$180,000	\$90,000	2 kids: 2 & 3 yrs	\$46,164	\$6,512	\$30,406	\$25,001	\$144,188	17.3
\$200,000	\$100,000	2 kids: 2 & 3 yrs	\$54,173	\$6,512	\$30,406	\$24,329	\$156,179	15.6

TABLE 17

**AFFORDABILITY OF LICENSED CHILD CARE IN TORONTO IN 2015 BASED ON THE FAMILY INCOME AFFORDABILITY MEASURE (FIAM)**

<b>Degree of Affordability</b>	<b>Number of Families</b>	<b>Percent of Families</b>
<b>Affordable (&lt; 10% of net family income)</b>	30,620	24.5
<b>Unaffordable (10%-19.9% of net family income)</b>	32,015	25.6
<b>Completely Unaffordable (20% or more of net family income)</b>	62,465	49.9
<b>TOTAL</b>	125,100	100.0

In 2015, licensed child care was “affordable” for only about one-quarter of Toronto families, as Table 17 shows. Three-quarters of Toronto families would have to use 10% or more of their net income to purchase licensed child care services for their children younger than compulsory school age. In other words, 75% of Toronto families are at or above the benchmark that the U.S. Department of Health and Human Services considers to represent affordability of child care. For half of Toronto families, at current child care prices and family income levels, licensed child care is completely unaffordable – it would consume more than 20% of the income they have to live on even with all parents employed.



TABLE 18

## AFFORDABILITY OF LICENSED CHILD CARE IN TORONTO IN 2015 BASED ON THE CAREGIVING PARENT AFFORDABILITY MEASURE (CPAM)

Degree of Affordability	Number of Families	Percent of Families
Affordable (< 30% of main caregiving parent's income contribution)	33,815	27
Unaffordable (30%-59.9% of main caregiving parent's income contribution)	31,505	25
Completely Unaffordable (60% or more of main caregiving parent's income contribution)	59,780	48
<b>TOTAL</b>	125,100	100

A very similar picture emerges from the Caregiving Parent Affordability Measure, applied to Toronto families in 2015, as shown in Table 18. Only a little over one-quarter of families use as little as 30% of the net income contribution of the main caregiving parent when she takes employment and earns income. Nearly three-quarters of families would have to use more than this – more than three dollars out of every ten that the primary caregiver brings into the household in order to provide licensed child care for their young children. For them, child care is unaffordable. In fact, nearly half of all Toronto families would have to use six dollars out of every ten (or more) in order to purchase licensed child care for their children – we can call child care completely unaffordable for these families.

**“  
My whole pay cheque went to transportation  
and childcare, so I quite my job!”**

Toronto focus group parent

**“  
It’s a children’s rights issues; children don’t choose  
the family they are born into-they have the right to  
early education like public education system.”**

Toronto focus group parent

TABLE 19

PROBABILITY OF USING LICENSED CHILD CARE AND FULL-TIME  
EMPLOYMENT BY AFFORDABILITY OF LICENSED CHILD CARE  
MEASURED BY FIAM)

Degree of Affordability	Probability of using licensed care (% of families)	Probability of parent (MCP) being employed full-time (%)
Affordable (< 10% of net family income)	62.8	61.6
Unaffordable (10%-19.9% of net family income)	38.3	55.5
Completely Unaffordable 20% or more of net family income)	15.3	35.7
Average of all families	33.3	47.2

What are the implications of these very high (un)affordability ratios? Tables 19 and 20 provide projections from our model about the ways in which affordability is likely to affect the decision to use licensed child care and full-time employment. The results confirm in most dramatic fashion that affordability matters.

The more affordable licensed child care is, the higher the probability of using licensed care and of being employed full-time. Over 60% of families for whom licensed care is affordable on the family income measure (FIAM) will demand licensed care, and over 60% will be employed full-time. When licensed child care is unaffordable, the probability of demanding licensed care falls to below 40% and the probability of being employed full-time drops by six percentage points. When licensed care is completely unaffordable, both the likelihood of using it and the probability of being employed full-time fall substantially, as shown in Table 19.

The same story emerges from our other affordability measure (CPAM) in Table 20. The more affordable licensed child care is, the more likely it will be used and the more likely the main caregiving parent will be employed full-time. In other words, the price of licensed child care is a major barrier to children gaining access to licensed care and to the full employment of parents.

TABLE 20

**PROBABILITY OF USING LICENSED CHILD CARE AND FULL-TIME EMPLOYMENT BY AFFORDABILITY OF LICENSED CHILD CARE (MEASURED BY CPAM)**

<b>Degree of Affordability</b>	<b>Probability of using licensed care (% of families)</b>	<b>Probability of main caregiving parent being employed full-time (%)</b>
<b>Affordable (&lt; 30% of main caregiving parent's income contribution)</b>	62.8	61.6
<b>Unaffordable (30%-59.9% of main caregiving parent's income contribution)</b>	38.3	55.5
<b>Completely Unaffordable (60% or more of main caregiving parent's income contribution)</b>	15.3	35.7
<b>Average across all families</b>	33.3	47.2

Both the Family Income Affordability Measure (FIAM) and the Caregiving Parent Affordability Measure (CPAM) are family-specific. Naturally, the ability to afford licensed child care is not the same across all families. Families in different circumstances have different abilities to earn income. Some families are fortunate enough to get child care subsidies and that lowers the price they have to pay. Further, different families get different amounts of income supplementation from federal and provincial governments making them more or less able to afford licensed child care.

TABLE 21

## AVERAGE VALUES OF AFFORDABILITY FOR TORONTO FAMILIES, BREAKDOWN BY SUB-GROUPS, 2015

	Average value of Family Income Affordability Measure for this group (%)	Average value of Caregiving Parent Affordability Measure for this group (%)
Youngest child age 1	33.0	87.7
Youngest child age 5	10.0	22.5
Recent immigrant – less than 5 years	32.0	82.0
Canadian-born	20.5	52.2
One child 0-5	21.1	51.5
Two children 0-5	32.5	93.0
High school education or less	30.4	75.1
University degree	19.1	49.1
Sole parent families	26.7	42.9
Two parent families	24.1	68.0
Average of all families	24.6	63.4

The table above shows how our affordability measures vary across families in different circumstances. The age of the youngest child in the family matters for a couple of reasons. Having a child aged one means paying for licensed child care for an infant, which is expensive. However, families with young children are also more likely than others to have more than one child 0-5. Both these factors make child care unaffordable for the average family with a one-year old child (average value of

the Family Income Affordability Measure is over 30% and the average value of the Caregiving Parent Affordability Measure is nearly 90%). Families with a youngest child aged 5 are, on average, in a much better affordability position.

For recent immigrants, licensed child care is more unaffordable, by either measure, than for families in which the main caregiving parent is Canadian-born. This is largely due to differences in earning capacity.

Naturally families with more than one child younger than compulsory school age find child care much less affordable than families with only one young child. With only one young child, the average amount of net family income consumed by licensed child care is just over 21%. With two children, the average percent of net family income is over 32%. The corresponding averages for the Caregiving Parent Affordability Measure are just over 50% of her net earnings contribution with one child and over 90% with two children.

The highest completed level of education of the main caregiving parent matters in obvious ways. Education is strongly correlated with the ability to earn, so a main caregiver with a high school education will consume a much larger portion of net family income or of her net earnings contribution when the family purchases licensed care for their children. This is despite the fact that high school educated parents are likely to be eligible for more subsidy assistance than university-educated parents.

The pattern of affordability for sole-parent and two-parent families is the result of a number of factors. More sole parents are eligible for and receive subsidy, making child care more affordable. However, child care will be unaffordable for eligible sole parents who are unable to access subsidies. Also, because of the tax and benefit system, the net income contribution of main caregiving parents in two-parent families will be lower than in sole-parent families, even when gross earnings are similar. On

top of this, sole-parent families are likely to have fewer 0-5 year-old children than two-parent families. As a result of all factors, the average percent of net family income taken by child care costs is similar across sole-parent and two-parent families, but the percent of the main caregiver's income contribution is somewhat higher in two-parent families.

## Chapter 7 | Potential Demand – If Funding Were Available for All Subsidy-Eligible Families

### MAIN POINTS:

- Most lone-parent families and over 60% of two-parent families with children 0-5 years of age would be eligible for some subsidy assistance if full funding of all eligible families was available.
- If full subsidy funding was available, the demand model estimates that over 76,000 children would demand licensed child care services, an increase of about 25,000. Approximately 13,000 more main caregiving parents would be employed full-time if subsidies were available.
- Measured by either the Family Income Affordability Measure or the Caregiving Parent Affordability Measure, the affordability of licensed child care services would improve dramatically. Over 60% of families would find licensed child care affordable, by either measure.
- Not all families benefit equally when full subsidy funding is available. Families in which the main caregiving parent has a high school education, is a recent immigrant, has two children 0-5, will be more affected by the expansion of subsidy funding. Families in which the main caregiving parent has a university education, is Canadian-born, or has one child 0-5, will be affected somewhat less.
- Naturally, lower-income families, who would be eligible for larger amounts of subsidy assistance, will benefit more than higher-income families. There is little change in the probability of using licensed child care for families earning over \$100,000 annually.



One of the most valuable abilities of the demand and affordability models is to answer policy questions that are very difficult to answer with reasonable accuracy. These are questions like “What would happen if...?” This chapter and the next two chapters examine the output from simulations performed using the demand and affordability models. Each simulation takes a possible policy reform, assesses the changes in demand and the affordability of child care that would result, and examines the new patterns of demand and affordability in comparison to the “base case” (the base case is the demand and affordability situation in 2015).

This chapter looks at what would happen if sufficient funding were available so that all families currently eligible for full or partial child care subsidies were able to receive them. This would lower the price of licensed child care for many families, and many families would change their child care and employment decisions as a result. But how many? And what would be the resulting changes in affordability, and in the distribution of licensed care and employment amongst families from different backgrounds? Our demand and affordability models can answer questions like this.<sup>3</sup>

What does Toronto’s child care subsidy system look like? The snapshot view is this:

- Families earning \$20,000 per year or less will be eligible for a full subsidy (child care is free if they receive a subsidy).
- Families earning between \$20,000 and \$40,000 will have to pay 10% of this extra income (i.e. the income above \$20,000) for licensed child care. In other words, the maximum total price of their licensed care would be \$2,000 per year.
- Families earning over \$40,000 will have to contribute \$2,000 plus 30% of their income above \$40,000 towards the cost of licensed child care.

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<sup>3</sup> The policy simulations that we model in this final report are very ambitious. However, the models can simulate policy proposals both large and small.

Once their income is high enough that this contribution is equal to the full fee for licensed care, they will no longer be eligible for any child care subsidy.

There are also employment or studying requirements, and various exceptional circumstances that can justify the receipt of subsidy. And, currently there are long waiting lists for subsidies because there is not sufficient funding to cover all eligible families.

Tables 22 and 23 show current eligibility for subsidy for families at different income levels. As you can see from Table 22, when a family has only one child, eligibility for subsidy tapers off at not very high family income levels (about \$60,000 with an expensive infant or toddler; about \$40,000 with older children). However, families with two (or more) children who face very high aggregate fees for child care will be eligible for substantial subsidy assistance further up the income ladder. This is shown in Table 23.

TABLE 22

AMOUNT OF CHILD CARE SUBSIDY AT DIFFERENT INCOME LEVELS AND DIFFERENT AGES OF ONE CHILD AND REMAINING COST TO PARENTS AS A PERCENT OF INCOME, 2015

Family Income	One Infant @ \$21,000/year		One Toddler @ \$17,000/year		One Preschooler @ \$13,000/year		One Kindergartener @ \$6,000/school year	
	Amount of subsidy	Cost as % of income	Amount of subsidy	Cost as % of income	Amount of subsidy	Cost as % of income	Amount of subsidy	Cost as % of income
\$20,000	\$21,000	0.0	\$17,000	0.0	\$13,000	0.0	\$6,000	0.0
\$40,000	\$19,000	5.0	\$15,000	5.0	\$11,000	5.0	\$4,000	5.0
\$60,000	\$13,000	13.3	\$9,000	13.3	\$3,000	13.3	--	10.0
\$80,000	\$7,000	17.5	\$3,000	17.5	--	16.3	--	7.5
\$100,000	\$1,000	20.0	--	17.0	--	13.0	--	6.0

\*Note that subsidy receipt is not a right and current funding is much less than enough to cover all those wishing to obtain subsidy

TABLE 23

AMOUNT OF CHILD CARE SUBSIDY AT DIFFERENT INCOME LEVELS AND DIFFERENT AGES OF TWO CHILDREN AND REMAINING COST TO PARENTS AS A PERCENT OF INCOME, 2015

Family Income	Two Infants @ \$42,000/year		Two Toddlers @ \$34,000/year		Two Preschoolers @ \$26,000/year		Two Kindergarteners @ \$12,000/school year	
	Amount of subsidy	Cost as % of income	Amount of subsidy	Cost as % of income	Amount of subsidy	Cost as % of income	Amount of subsidy	Cost as % of income
\$20,000	\$42,000	0.0	\$34,000	0.0	\$26,000	0.0	\$12,000	0.0
\$40,000	\$40,000	5.0	\$32,000	5.0	\$24,000	5.0	\$10,000	5.0
\$60,000	\$34,000	13.3	\$26,000	13.3	\$18,000	13.3	\$4,000	13.3
\$80,000	\$28,000	17.5	\$20,000	17.5	\$12,000	17.5	--	15.0
\$100,000	\$22,000	20.0	\$14,000	20.0	\$6,000	20.0	--	12.0
\$120,000	\$16,000	21.7	\$8,000	21.7	\$0	21.7	--	10.0
\$140,000	\$10,000	22.9	\$2,000	22.9	--	21.4	--	8.6
\$160,000	\$4,000	23.8	--	21.3	--	18.8	--	7.5
\$180,000	--	23.3	--	18.9	--	16.7	--	6.7
\$200,000	--	21.0	--	17.0	--	15.0	--	6.0

These tables make it clear that not all families will be aided by full funding of the subsidy system. And most families would receive only partial fee assistance. On the other hand, the Ontario subsidy system's rules are generous enough that many families would be affected by full funding of the subsidy system.

For the purposes of this simulation, we assume that full subsidy funding is only available for children 0-5. Over 60% of Toronto's two-parent families would be eligible for some amount of child care subsidy if full funding was available. Over 90% of sole parent families would be eligible for either full or partial subsidy. Only about 20% of eligible families would receive a full subsidy; others would be eligible for partial relief of child care costs. A typical two-parent family would have the cost of licensed care reduced by between 30% and 40%.

Our demand model estimates the new demand for licensed child care services at just over 76,000 children 0-5 years of age in Toronto in 2015, a big increase from about 51,000 children in the base case. Naturally, given the simulation we are running, a large percentage of these children will be receiving either full or partial subsidies (see Table 24).

About 16,000 of these new demanders of licensed care would otherwise have been cared for by parents or relatives while parents were employed. That type of care typically is associated with part-time employment of the main caregiving parent. In addition, a substantial number of parents move from not in the labour force to being employed and using licensed child care. The full funding of subsidies permits full-time employment to rise by a predicted amount of about 13,000 while part-time employment falls by about 6,000.

TABLE 24

DEMAND FOR CHILD CARE: NUMBER OF CHILDREN 0-5, ALL ELIGIBLE FAMILIES OFFERED SUBSIDY

Type of Arrangement	Number of Children under Subsidy Simulation	Number of Children under Base Case
Licensed Child Care	76,135	51,205
Unlicensed Paid Child Care	13,285	13,350
Parent or Relative Care while Parent Employed	35,115	50,985
Main Caregiving Parent Not Employed	43,010	52,005
<b>TOTAL CHILDREN</b>	<b>167,545</b>	<b>167,545</b>

Table 25 shows the breakdown of the demand for licensed child care by age category of children and by whether the children receive subsidy or not.

TABLE 25

DEMAND FOR CHILD CARE BY AGE CATEGORY AND SUBSIDY STATUS:  
NUMBER OF CHILDREN 0-5, ALL ELIGIBLE FAMILIES OFFERED SUBSIDY, 2015

Age Category	Children Demanding Licensed Child Care	Children Receiving Full or Partial Subsidy
Infants	8,670	8,040
Toddlers	17,310	14,855
Preschool	31,535	23,155
Kindergarten (Before and After School)	18,625	14,025
<b>TOTAL</b>	<b>76,135</b>	<b>60,075</b>

Tables 26 and 27 show the dramatic impact on affordability that funding all eligible families with subsidies would bring. From about one-quarter of families having affordable child care (according to our suggested definitions of affordability), licensed child care is now affordable for over 60% of families. A very similar picture emerges from either of our two affordability measures. Depending on the definition of affordability used, either about 13% or about 6% of families would still find licensed child care completely unaffordable.

**“ When I worked, my whole salary went to child care costs and I never got to see my kids or my money, so I stay home now but if child care was affordable, I definitely would work. ”**

Toronto focus group parent

**TABLE 26**

**AFFORDABILITY OF LICENSED CHILD CARE IN TORONTO WHEN ALL ELIGIBLE FAMILIES ARE OFFERED SUBSIDY, BASED ON THE FAMILY INCOME AFFORDABILITY MEASURE (FIAM)**

<b>Degree of Affordability</b>	<b>Number of Families – Subsidy Simulation</b>	<b>Percent of Families - Subsidy Simulation</b>	<b>Percent of Families - Base Case</b>
<b>Affordable (&lt; 10% of net family income)</b>	75,650	60.5	24.5
<b>Unaffordable (10%-19.9% of net family income)</b>	33,815	27.0	25.6
<b>Completely Unaffordable (20% or more of net family income)</b>	15,650	12.5	49.9
<b>Average of all families</b>	125,100	100.0	100.0



TABLE 27

**AFFORDABILITY OF LICENSED CHILD CARE IN TORONTO WHEN ALL ELIGIBLE FAMILIES ARE OFFERED SUBSIDY, BASED ON THE CAREGIVING PARENT AFFORDABILITY MEASURE (CPAM)**

<b>Degree of Affordability</b>	<b>Number of Families – Subsidy Simulation</b>	<b>Percent of Families – Subsidy Simulation</b>	<b>Percent of Families – Base Case</b>
<b>Affordable (&lt; 30% of main caregiving parent’s income contribution)</b>	76,415	61.1	27.0
<b>Unaffordable (30%-59.9% of main caregiving parent’s income contribution)</b>	41,795	33.4	25.2
<b>Completely Unaffordable (60% or more of main caregiving parent’s income contribution)</b>	6,890	5.5	47.8
<b>Average of all families</b>	125,100	100.0	100.0

Despite this positive result of the subsidy simulation, not everyone benefits from the new policy. Tables 28 and 29 indicate the spread of different values of our affordability measures across Toronto’s population of families. These tables break down the population of families into quintiles (groups with 20% of families in each). In the first quintile are those families for whom, after the subsidy reforms we are simulating, licensed child care is most affordable. In the second quintile, we have the next 20% of families – families for whom licensed child care is somewhat less affordable. And so on, right up to the last quintile, which is the 20% of families for whom, after the subsidy reforms, licensed child care is least

affordable. Table 19 shows the average affordability for each of these groups of 20% of families, using our family income affordability measure (FIAM). Table 20 shows average affordability by quintiles, using the Caregiving Parent Affordability Measure (CPAM). Both tables show how things change between the Base Case and the Subsidy Simulation.

**TABLE 28**

**AVERAGE AFFORDABILITY SCORES BY QUINTILES: COMPARISON OF SUBSIDY SIMULATION AND BASE CASE VALUES USING THE FAMILY INCOME AFFORDABILITY MEASURE**

<b>Quintiles of Affordability</b>	<b>Average FIAM score – Subsidy Simulation (%)</b>	<b>Average FIAM score – Base Case (%)</b>
<b>20% of families for whom licensed child care is most affordable</b>	0.6	3.9
<b>Second 20% of families (i.e., next most affordable)</b>	3.3	12.0
<b>Third 20% of families (next most affordable)</b>	7.6	20.0
<b>Fourth 20% of families (next most affordable)</b>	12.2	31.4
<b>20% of families for whom licensed child care is least affordable</b>	18.6	55.5
<b>Average across all families</b>	8.5	24.6

Two things are readily apparent from these tables. First, affordability has improved substantially in each quintile, by either the FIAM or CPAM measure. Second, there are still substantial differences between different families in the affordability of licensed child care. For instance, there is still 20% of families, after the subsidy reform policy, who on average have to consume over 18% of net family income in order to purchase licensed child care. In Table 29, we see that there is still 20% of families who, on average, must spend 70% of the main caregiving parent’s income contribution in order to afford licensed child care.

**TABLE 29**

**AVERAGE AFFORDABILITY SCORES BY QUINTILES: COMPARISON OF SUBSIDY SIMULATION AND BASE CASE VALUES USING THE CAREGIVING PARENT AFFORDABILITY MEASURE**

<b>Quintiles of Affordability</b>	<b>Average CPAM score – Subsidy Simulation (%)</b>	<b>Average CPAM score – Base Case (%)</b>
<b>20% of families for whom licensed child care is most affordable</b>	1.0	10.3
<b>Second 20% of families (i.e., next most affordable)</b>	7.4	32.6
<b>Third 20% of families (next most affordable)</b>	21.8	56.7
<b>Fourth 20% of families (next most affordable)</b>	39.2	85.1
<b>20% of families for whom licensed child care is least affordable</b>	71.2	132.4
<b>Average across all families</b>	28.1	63.4

If we compare the figures on the probability of using licensed child care and being full-time employed in Table 30 to those in the base case (i.e., the current situation), we can see the substantial (but uneven) changes. The availability of subsidy for all eligible families has a particularly large effect on immigrant families, on families with two children, on families where the main caregiving parent has a high school education or less and on sole parent families. Some of these stronger effects occur because these family types, typically having lower incomes, are in a position to benefit from full funding of subsidies. Some of the stronger effects reflect the previously high barriers of unaffordability that have now been removed.

**TABLE 30**

**FAMILY CHARACTERISTICS AND PROBABILITY OF USING LICENSED CHILD CARE AND FULL-TIME EMPLOYMENT, IF SUBSIDY OFFERED TO ALL ELIGIBLE - +PARENTS**

	<b>Probability of using licensed care – Subsidy Simulation (% of families)</b>	<b>Probability of using licensed care – Base Case (% of families)</b>	<b>Probability of main caregiving parent being employed full-time – Subsidy Simulation (%)</b>	<b>Probability of main caregiving parent being employed full-time – Base Case (%)</b>
<b>Recent immigrant – less than 5 years</b>	45.6	26.6	57.6	44.9
<b>Canadian-born</b>	47.6	37.3	61.0	53.7
<b>One child 0-5</b>	49.0	36.9	60.4	52.2
<b>Two children 0-5</b>	49.3	24.3	50.1	35.1
<b>High school education or less</b>	45.2	27.7	60.4	36.2
<b>University degree</b>	44.5	36.4	49.1	55.0
<b>Sole parent families</b>	74.1	53.3	67.1	52.2
<b>Two parent families</b>	41.0	28.7	55.0	46.1
<b>Average across all families</b>	47.0	33.2	57.2	47.2

This differential pattern of effects is also seen in Table 31, which shows the demand for licensed child care by expected household income grouping. The second column shows this distribution for the Subsidy Funding Simulation and the final column shows the Base Case figures for comparison.

**TABLE 31**

**EXPECTED HOUSEHOLD INCOME BEFORE TAXES AND PROBABILITY OF USING LICENSED CHILD CARE AND FULL-TIME EMPLOYMENT, IF SUBSIDY OFFERED TO ALL ELIGIBLE PARENTS**

<b>Expected Household Annual Income (Before Tax)</b>	<b>Probability of using licensed care – Subsidy Simulation (% of families)</b>	<b>Probability of using licensed care – Base Case (% of families)</b>
<b>Less than \$50,000</b>	61.9	37.5
<b>\$50,000-\$99,999</b>	41.1	28.5
<b>\$100,000 or more</b>	34.0	33.3
<b>Average across all families</b>	47.0	33.2

We can see that, although there is some increased demand for licensed child care in all groupings of household income, this is especially true for families earning less than \$50,000 who will be eligible for most child care subsidy relief. There are also substantial effects for middle-income families, many of whom are eligible for partial subsidy funding. The average effect on families earning \$100,000 or more is negligible.

## Chapter 8 | Potential Demand – If No Family Had to Pay More than 10% of Family Income

### MAIN POINTS:

- If no family had to pay more than 10% of net family income for child care, just less than 80,000 children 0-5 would use licensed child care services, about 29,000 more than at present.
- If no family had to pay more than 10% of net family income for child care, there would be an increase of about 15,000 main caregiving parents employed full-time.
- Measured by the Family Income Affordability, 100% of families would be considered to have affordable child care.
- By the Caregiving Parent Affordability Measure, in about 65% of families, these lower charges for licensed child care would amount to less than 30% of the main caregiving parent's net income contribution to the family. However, in about 35% of families, 30% or more of her income would still be consumed in paying for licensed child care.
- Not all families benefit equally from capping the cost of licensed child care at 10% of net family income. Those families who would previously have faced much higher total costs will be more affected. So, families in which the main caregiving parent has two children 0-5, is a recent immigrant, and two-parent families will be proportionately more affected by this simulated policy reform.
- Lower-income families would be affected by this reform more than higher income families. However, the effect is also very strong for middle-

income families. Their use of licensed child care would rise from less than 30% of middle-income families to over 45%. Compared to the simulation in Chapter 7 (full subsidy funding), this simulation (less than 10% of family income) has a more even effect across income groups.

This chapter calculates the effect of a policy to limit child care costs to less than 10% of a family's income. It is not clear exactly how this would be accomplished, but we can still simulate the impact of such a policy if it was accomplished. We will assume that the child care subsidy system, as it existed in 2015, remains constant (many of these subsidized families will pay less than 10% of family income) and that beyond that no family pays more than 10% of family income on child care, no matter what the age or number of children they have.

For the purposes of this simulation, we assume that the 10% rule is only available for children 0-5.

Under this simulation, our demand model estimates the total demand for licensed child care services at just less than 80,000 children 0-5 years of age in Toronto in 2015, a big increase from about 51,000 children in the base case. Nearly 20,000 of these new demanders of licensed care would otherwise have been cared for by parents or relatives while parents were employed. That type of care typically is associated with part-time employment of the main caregiving parent. The 10% of family income plan permits full-time employment to rise by a predicted amount of about 15,000 while part-time employment falls by about 8,000. A substantial number of parents move from not in the labour force to being employed (about 7,000 parents with 10,000 children move away from parent not employed status).

**TABLE 32**

**DEMAND FOR CHILD CARE IF NO FAMILY PAYS MORE THAN 10% OF NET FAMILY INCOME FOR CHILD CARE**

<b>Type of Arrangement</b>	<b>Number of Children – 10% of Family Income Simulation</b>	<b>Number of Children - Base Case</b>
<b>Licensed Child Care</b>	79,775	51,205
<b>Unlicensed Paid Child Care</b>	13,265	13,350
<b>Parent (or Relative Care while Main Caregiving Parent is Employed</b>	31,645	50,985
<b>Main Caregiving Parent Not Employed</b>	42,515	52,005
<b>TOTAL CHILDREN 0-5</b>	167,545	167,545

Table 33 shows the breakdown of the demand for licensed child care by age category of children and by whether the children receive subsidy or not. Demand rises (relative to the base case) particularly strongly in the younger age categories, where fees were very high before the simulated reform.



**TABLE 33**

**DEMAND FOR CHILD CARE BY AGE CATEGORY AND SUBSIDY STATUS: IF NO FAMILY PAYS MORE THAN 10% OF NET FAMILY INCOME FOR CHILD CARE**

<b>Age Category</b>	<b>Children Demanding Licensed Child Care</b>	<b>Children Receiving Full or Partial Subsidy</b>
<b>Infants</b>	9,630	2,405
<b>Toddlers</b>	18,710	4,240
<b>Preschool</b>	32,785	7,235
<b>Kindergarten (Before and After School)</b>	18,730	6,065
<b>TOTAL</b>	<b>79,775</b>	<b>19,945</b>

**TABLE 34**

**AFFORDABILITY OF LICENSED CHILD CARE IN TORONTO WHEN NO FAMILY PAYS MORE THAN 10% OF FAMILY INCOME BASED ON THE FAMILY INCOME AFFORDABILITY MEASURE (FIAM)**

<b>Degree of Affordability</b>	<b>Number of Families – 10% of Family Income Simulation</b>	<b>Percent of Families – 10% of Family Income Simulation</b>	<b>Percent of Families - Base Case</b>
<b>Affordable (&lt; 10% of net family income)</b>	125,100	100	25
<b>Unaffordable (10%-19.9% of net family income)</b>	0	0	26
<b>Completely Unaffordable (20% or more of net family income)</b>	0	0	50
<b>TOTAL</b>	<b>125,100</b>	<b>100</b>	<b>100</b>

Tables 34 and 35 show the dramatic impact on affordability that implementing a 10% limit on child care expenditures would bring, relative to the base case. From about one-quarter of families having affordable child care, licensed child care is now affordable for 100% of families, based on the Family Income Affordability Measure. However, the picture based on the Caregiving Parent Affordability Measure is somewhat different. Sometimes, 9.99% or less of net family income amounts to 30% or more of the main caregiving parent's net income. In that case, child care affordability can still be an important barrier to labour force entry and the use of licensed care. The price of child care may amount to such a significant fraction of her income that the combination of licensed care and employment is not considered to be a good bargain.

**TABLE 35**

**AFFORDABILITY OF LICENSED CHILD CARE IN TORONTO WHEN NO FAMILY PAYS MORE THAN 10% OF FAMILY INCOME BASED ON THE CAREGIVING PARENT AFFORDABILITY MEASURE (CPAM)**

<b>Degree of Affordability</b>	<b>Number of Families – 10% of Family Income Simulation</b>	<b>Percent of Families – 10% of Family Income Simulation</b>	<b>Percent of Families – Base Case</b>
<b>Affordable (&lt; 30% of main caregiving parent's income contribution)</b>	80,670	65	27
<b>Unaffordable (30%-59.9% of main caregiving parent's income contribution)</b>	41,855	34	25
<b>Completely Unaffordable (60% or more of main caregiving parent's income contribution)</b>	2,570	2	48
<b>TOTAL</b>	125,100	100	100

Table 36 indicates how the new levels of affordability differ across Toronto families after the simulation. This table breaks down the population of Toronto families into quintiles (groups with 20% of families in each). In the first quintile, are those families for whom, after the reforms we are simulating, licensed child care is most affordable. In the second quintile, we have the next 20% of families – families for whom licensed child care is somewhat less affordable. And so on, right up to the last quintile, which is the 20% of families for whom, after the reforms, licensed child care is least affordable. Because putting a limit of less than 10% of family income compresses the Family Income Affordability Measure, with many families paying 9.999% of family income, it is not possible to show the FIAM broken into quintiles. However, Table 36 shows how this “less than 10%” reform would affect affordability as it relates to the income of the Main Caregiving Parent.

**TABLE 36**

**AVERAGE AFFORDABILITY SCORES BY QUINTILES: COMPARISON OF 10% FAMILY INCOME RULE AND BASE CASE VALUES USING THE CAREGIVING PARENT AFFORDABILITY MEASURE**

<b>Quintiles of Affordability</b>	<b>Average CPAM score – 10 of Family Income Simulation (%)</b>	<b>Average CPAM score – Base Case (%)</b>
<b>20% of families for whom licensed child care is most affordable</b>	7	10
<b>Second 20% of families (i.e., next most affordable)</b>	17	33
<b>Third 20% of families (next most affordable)</b>	24.3	56.7
<b>Fourth 20% of families (next most affordable)</b>	32.3	85.1
<b>20% of families for whom licensed child care is least affordable</b>	47.1	132.4
<b>Average across all families</b>	25.4	63.4

Two things are readily apparent from Table 36. First, affordability has improved substantially in each quintile, relative to the base case. Second, compared to the previous simulation (subsidies available for all who are eligible), this simulation does not improve affordability as much for those in the lowest quintile of families and improves it more in the highest quintile. In other words, the affordability problem is more evenly distributed in this simulation, whereas focusing on subsidy funding enhancement makes affordability much better at the bottom end and not so strongly improved at the top end.

Table 37 shows the demand for licensed child care and willingness to be full-time employed as it relates to different family characteristics. It shows these figures both before and after the simulated “less than 10%” reform. If we compare the simulation results to the base case, we can see the substantial (but uneven) changes. Constraining the fees for licensed child care to equal less than 10% of family income has the effect of increasing the use of licensed child care by about one-half, across the entire Toronto population of families with 0-5 year-old children. But this effect is not evenly felt across all family types. Those who would have had to spend much more than 10% of net family income purchasing licensed child care in the base case will experience a more dramatic change when this simulated policy takes effect. So, families with more than one preschool-aged child, recent immigrant families, and two-parent families will experience a disproportionately larger change in their use of licensed child care.

This simulated policy reform also affects the amount of full-time employment amongst main caregiving parents; it increases by about one-quarter. Again, families with more than one preschool-aged child, recent immigrant families, and two-parent families will experience a disproportionately larger change in the probability of full-time employment.

TABLE 37

**FAMILY CHARACTERISTICS AND PROBABILITY OF USING LICENSED CHILD CARE AND FULL-TIME EMPLOYMENT BASED ON 10% OF FAMILY INCOME RULE**

	Probability of using licensed care – 10% Family Income Simulation	Probability of using licensed care – Base Case (% of families)	Probability of main caregiving parent being employed full-time – 10% Family Income Simulation (%)	Probability of main caregiving parent being employed full-time – Base Case (%)
<b>Recent immigrant – less than 5 years</b>	45.2	26.6	57.7	44.9
<b>Canadian-born</b>	52.6	37.3	64.8	53.7
<b>One child 0-5</b>	50.5	36.9	61.7	52.2
<b>Two children 0-5</b>	46.8	24.3	53.3	35.1
<b>High school education or less</b>	43.3	27.7	49.1	36.2
<b>University degree</b>	51.0	36.4	65.1	55.0
<b>Sole parent families</b>	68.7	53.3	63.8	52.2
<b>Two parent families</b>	44.7	28.7	57.8	46.1
<b>Average across all families</b>	49.0	33.2	58.9	47.2

This differential pattern is also seen in Table 38, which shows the before-and-after demand for licensed child care by expected household income grouping. The second column shows this distribution for the “less than 10% of family income” simulation and the final column shows the base case figures for comparison.

**TABLE 38**  
**EXPECTED HOUSEHOLD INCOME BEFORE TAXES AND PROBABILITY OF USING LICENSED CHILD CARE AND FULL-TIME EMPLOYMENT IF COSTS CAPPED AT 10% OF NET FAMILY INCOME**

<b>Expected Household Annual Income (Before Tax)</b>	<b>Probability of using licensed care – 10% Family Income Simulation (%)</b>	<b>Probability of using licensed care – Base Case (%)</b>
<b>Less than \$50,000</b>	56.1	37.5
<b>\$50,000-\$99,999</b>	45.4	28.5
<b>\$100,000 or more</b>	43.9	33.3
<b>Average across all families</b>	49.0	33.2

Although there is increased demand for licensed child care in all groupings of household income, the proportionate increase is especially large for middle-income families. Lower-income families increase their use of licensed care disproportionately as well. Families earning \$100,000 or more increase their use of licensed care less than proportionately. In a substantial number of cases, their incomes were high enough that child care fees would not have consumed as much as ten percent of family income, even before the reforms.

## Chapter 9 | Potential Demand – If the Maximum Fee for Licensed Care Was Capped at \$20 Per Child Per Day

### MAIN POINTS:

- If the maximum fee for licensed child care was capped at \$20 per day (and the current subsidy system stayed in place), nearly 87,000 children 0-5 would use licensed child care services, about 36,000 more than at present.
- the maximum fee for licensed child care was capped at \$20 per day per child (and the current subsidy system stayed in place), there would be an increase of about 119,000 main caregiving parents employed full-time.
- Measured by the Family Income Affordability Measure, over 75% of families would now have access to affordable child care.
- By the Caregiving Parent Affordability Measure, nearly 85% of families would now pay less than 30% of the main caregiving parent's net income contribution to the family if using licensed child care.
- Not all families benefit equally from capping the maximum fee for licensed child care at \$20 per day per child. The effects are particularly strong for families with two children 0-5 years of age and for two-parent families.
- In this simulation, middle-income and higher-income families are affected more strongly than low-income families (although there are important increases in the probability of using licensed care and employment in all income groups). Compared to the simulation in Chapter 7 (full subsidy funding), this simulation (fee capped at \$20 per day per child) has a more even effect across income groups.

The most potent part of Quebec's child care reforms in the late 1990s was the policy to charge only \$5 per day per child for all licensed child care services. Such a reform is simple for parents to understand; it is easy to calculate how much a year or several years of child care services will cost for all the children in your family. Other policies, like expansions of the subsidy system may be considered preferable because they give more assistance to families who need it more. But, a fixed fee per day for licensed services wins hands-down for transparency and ease of understanding.

Other policy makers have recommended fixed fees at a different dollar amount. The Coalition of Child Care Advocates of British Columbia has campaigned for \$10 per day. Thomas Mulcair and the NDP in the last federal election argued for \$15 per day. Rachel Notley of the Alberta NDP campaigned on moving towards a \$25 per day maximum fee for licensed child care services.

In this chapter, we simulate the effects in Toronto of a maximum fee per child of \$20 per day. This \$20 fee is the same for infants, toddlers, preschoolers and kindergarten children. We assume that the child care subsidy system, as it existed in 2015, remains constant so that anyone who would have received a subsidy giving them a fee lower than \$20 per day would not be disadvantaged.

For the purposes of this simulation, we assume that \$20 per day licensed child care is only available for children 0-5. We also assume that subsidy funding at its current level stays in place.

As Table 39 shows, our demand model estimates the new demand for licensed child care services at close to 87,000 children 0-5 years of age in Toronto in 2015, a big increase from about 51,000 children in the base case. Over 22,000 of these new demanders of licensed care would otherwise have been cared for by parents or relatives while parents were employed. That type of care typically is associated with part-time employment of the main caregiving parent.



TABLE 39

## DEMAND FOR CHILD CARE: NUMBER OF CHILDREN 0-5 IF MAXIMUM FEE IS \$20 PER DAY PER CHILD

Type of Arrangement	Number of Children - \$20 per day	Number of Children under Base Case
Licensed Child Care	86,625	51,205
Unlicensed Paid Child Care	11,465	13,350
Parent or Relative Care while Main Caregiving Parent is Employed	28,660	50,985
Main Caregiving Parent Not Employed	40,790	52,005
<b>TOTAL CHILDREN</b>	167,545	167,545

The \$20 per day plan permits full-time employment to rise by a predicted amount of close to 19,000 (relative to the base case) while part-time employment falls by about 10,000. A substantial number of parents move from not in the labour force to being employed as well (about 9,000 parents with 11,000 children move away from parent not employed status).

Table 40 shows the breakdown of the demand for licensed child care by age category of children and by whether the children receive subsidy or not. In this simulation, the number of children receiving subsidy does not change, but the number using licensed care increases substantially.

TABLE 40

DEMAND FOR CHILD CARE BY AGE CATEGORY AND SUBSIDY STATUS:  
NUMBER OF CHILDREN 0-5 IF MAXIMUM FEE IS \$20 PER DAY PER CHILD

Age Category	Children Demanding Licensed Child Care	Children Receiving Full or Partial Subsidy
Infants	12,170	2,405
Toddlers	20,300	4,240
Preschool	34,315	7,235
Kindergarten (Before and After School)	19,835	6,065
<b>TOTAL</b>	<b>86,625</b>	<b>19,945</b>

TABLE 41

AFFORDABILITY OF LICENSED CHILD CARE IN TORONTO - MAXIMUM FEE IS \$20 PER DAY PER CHILD, BASED ON THE FAMILY INCOME AFFORDABILITY MEASURE (FIAM)

Degree of Affordability	Number of Families – \$20 per day	Percent of Families – \$20 per day	Percent of Families – Base Case
Affordable (< 10% of net family income)	95,140	76.1	24.5
Unaffordable (10%-19.9% of net family income)	25,315	20.2	25.6
Completely Unaffordable (20% or more of net family income)	4,290	3.4	49.9
<b>TOTAL</b>	<b>125,100</b>	<b>100.0</b>	<b>100.0</b>

Tables 41 and 42 show the dramatic impact on affordability that charging \$20 per day would have, relative to the base case. From about one-quarter of families having affordable child care, licensed child care is now affordable for about three-quarters of families, based on the Family Income Affordability Measure. It would remain unaffordable (10% or more of net family income) for one-quarter of families.

**TABLE 42**

**AFFORDABILITY OF LICENSED CHILD CARE IN TORONTO IF MAXIMUM FEE IS \$20 PER DAY PER CHILD BASED ON THE CAREGIVING PARENT AFFORDABILITY MEASURE (CPAM)**

<b>Degree of Affordability</b>	<b>Number of Families – \$20 per day Simulation</b>	<b>Percent of Families – \$20 per day Simulation</b>	<b>Percent of Families – Base Case</b>
<b>Affordable (&lt; 30% of main caregiving parent’s income contribution)</b>	105,670	84.5	27.0
<b>Unaffordable (30%-59.9% of main caregiving parent’s income contribution)</b>	17,405	13.9	25.2
<b>Completely Unaffordable (60% or more of main caregiving parent’s income contribution)</b>	2,025	1.6	47.8
<b>TOTAL</b>	125,100	100.0	100.0

However, the picture based on the Caregiving Parent Affordability Measure (Table 42) is even stronger. \$20 per day would make child care affordable for

nearly 85% of main caregiving parents (i.e., less than 30% of the main caregiving parent’s net income contribution). Since this index (the Caregiving Parent Affordability Measure) is closely related to decisions to use licensed care and be employed, it is not surprising that this simulation has particularly strong effects on demand for licensed child care and full employment. There is a substantial reduction of barriers to labour force entry.

**TABLE 43**  
**AVERAGE AFFORDABILITY SCORES BY QUINTILES**  
**IF MAXIMUM FEE IS \$20 PER DAY PER CHILD**  
**USING THE FAMILY INCOME AFFORDABILITY MEASURE**

<b>Quintiles of Affordability</b>	<b>Average FIAM score – \$20 per day Simulation %</b>	<b>Average FIAM score – Base Case %</b>
<b>20% of families for whom licensed child care is most affordable</b>	1.3	3.9
<b>Second 20% of families (i.e., next most affordable)</b>	3.9	12.0
<b>Third 20% of families (next most affordable)</b>	6.0	20.0
<b>Fourth 20% of families (next most affordable)</b>	8.5	31.4
<b>20% of families for whom licensed child care is least affordable</b>	16.1	55.5
<b>Average across all families</b>	7.2	24.6

The \$20 per day policy lowers the average family income affordability score to 7.2%, from the base case value of 24.6%. Tables 43 and 44 indicate the spread of different values of our affordability measures across Toronto’s

population of families. These tables break down the population of families into quintiles (groups with 20% of families in each). Table 43 shows the average affordability for each of these groups of 20% of families, using our family income affordability measure (FIAM).

**TABLE 44**

**AVERAGE AFFORDABILITY SCORES BY QUINTILES IF MAXIMUM FEE IS \$20 PER CHILD PER DAY USING THE CAREGIVING PARENT AFFORDABILITY MEASURE**

<b>Quintiles of Affordability</b>	<b>Average CPAM score – \$20 per day Simulation (%)</b>	<b>Average CPAM score – Base Case (%)</b>
<b>20% of families for whom licensed child care is most affordable</b>	3.6	10.3
<b>Second 20% of families (i.e., next most affordable)</b>	11.7	32.6
<b>Third 20% of families (next most affordable)</b>	17.1	56.7
<b>Fourth 20% of families (next most affordable)</b>	22.2	85.1
<b>20% of families for whom licensed child care is least affordable</b>	40.6	132.4
<b>Average across all families</b>	19.0	63.4

Table 44 shows average affordability by quintiles, using the Caregiving Parent Affordability Measure (CPAM). On both tables, it is obvious that different families are in different situations with respect to affordability, even after such a policy change. However, for all groups of families, there is substantial improvement in affordability compared to the base case, from a base case value of over 60% to a new simulated value of less than 20%.

TABLE 45

**FAMILY CHARACTERISTICS AND PROBABILITY OF USING LICENSED CHILD CARE AND FULL-TIME EMPLOYMENT IF MAXIMUM FEE IS \$20 PER DAY PER CHILD**

	<b>Probability of using licensed care – \$20 per day Simulation (%)</b>	<b>Probability of using licensed care – Base Case (%)</b>	<b>Probability of parent being employed full-time – \$20 per day Simulation (%)</b>	<b>Probability of parent being employed full-time – Base Case (%)</b>
<b>Main caregiving parent’s expected earnings less than \$25,000</b>	43.3	26.4	50.0	36.8
<b>Main caregiving parent’s expected earnings \$50,000 or more</b>	64.7	38.0	75.5	59.9
<b>One child 0-5</b>	56.3	36.9	65.0	52.2
<b>Two children 0-5</b>	49.3	24.3	54.7	35.1
<b>High school education or less</b>	44.0	27.7	49.5	36.2
<b>University degree</b>	60.6	36.4	70.4	55.0
<b>Sole parent families</b>	67.3	53.3	62.7	52.2
<b>Two parent families</b>	50.8	28.7	61.3	46.1
<b>Average across all families</b>	53.8	33.2	61.6	47.2

Table 45 shows, for families with different characteristics, the impact of the \$20 per day per child simulation relative to the base case. We can see the substantial, but uneven, effects on the probability of using licensed child care and being full-time employed. There is a particularly strong increase in the use of licensed care for families with two children 0-5 years of age, and for two-parent families. This leads to somewhat stronger increases in full-time employment for these families as well.

**TABLE 46**

**EXPECTED HOUSEHOLD INCOME BEFORE TAXES AND PROBABILITY OF USING LICENSED CHILD CARE AND FULL-TIME EMPLOYMENT IF MAXIMUM FEE IS \$20 PER DAY PER CHILD**

<b>Expected Household Annual Income (Before Tax)</b>	<b>Probability of using licensed care – \$20 per day Simulation (%)</b>	<b>Probability of using licensed care – Base Case (%)</b>
<b>Less than \$50,000</b>	54.4	37.5
<b>\$50,000-\$99,999</b>	49.6	28.5
<b>\$100,000 or more</b>	58.7	33.3
<b>Average across all families</b>	53.8	33.2

This differential pattern is also seen in Table 46, which shows the demand for licensed child care by expected household income grouping. The second column shows this distribution for the \$20 per day simulation and the final column shows the Base Case figures for comparison.

We can see that, although there is increased demand for licensed child care in all groupings of household income, this is especially true for families earning more than \$50,000 (the opposite of the subsidy simulation). In this simulation, middle and higher income families are disproportionately positively affected in the use of licensed care, relative to the base case. However, all income groupings substantially increase the probability of using licensed care.

## Chapter 10 | Using The Child Care Demand and Affordability Models

The Child Care Demand and Affordability models can be used in a number of ways, some of which have been illustrated in previous chapters. In particular, the demand models can be used to predict the total amount of children who will use licensed child care under different circumstances. The model also predicts what care arrangements other children will be using if their parents cannot afford licensed care. And, the demand model for children 0-5 years of age predicts how many main caregiving parents will be employed full-time and part-time, along with the care arrangements their children will be using.

It is possible, using the demand models (both for 0-5 and 6-9 year-old children) to look at the distribution of the benefits and burdens of care arrangements. It is possible to examine what kinds of families, from what backgrounds, circumstances and income levels, will be using licensed child care or other care arrangements. It is possible to see what types of families may be disadvantaged in their access to licensed child care given current policy and program arrangements.

On top of this, the affordability models allow us to explicitly measure the degree of affordability of licensed child care for different groups of families and to identify where affordability problems are most acute. Because affordability of licensed child care is closely related to employment and child care decisions of families, it is possible to open a window on the ways in which affordability affects the ability of the City to achieve equity and employment goals.

All of this means that the demand and affordability models can be particularly helpful when the City is developing its periodic growth plans for child care and related services. Consider, for instance, the expected growth of child population in the City of Toronto over the next period.



Right now, there are 27,487 subsidized children and the population of children in Toronto is 172,221 (0-5 years) and 107,348 (6-9 years). This data is from Stats Can projections used in the Finance Department Ontario publication. This gives a total of 279,569 children. In other words, there are currently subsidized spaces for 9.8 of children 0-9 years of age. For simplicity, call this 10 of children in the age range. That means the status quo is a situation in which there are subsidies for 10 of the child population 0-9 years. (There are currently subsidies for 11.1 of children 0-5 and 7.8 of children 6-9).

The Finance Department of Ontario projections say that there will be 177,711 children 0-4 years of age and 167,060 5-9 years of age in 2031 (15 years from now). Readjusting into our categories, this would imply 211,123 children 0-5 and 133,648 children 6-9 years of age. Therefore, the expected total in 2031 is 344,771 children 0-9 years of age. This would mean an additional 65,202 children by 2031, or an increase of 23.3 compared to 2015. To keep the same percent of subsidies (10), the number of subsidies would have to increase to 34,477.

Hemson Consulting Ltd. (2013) has produced alternative population projections for the City of Toronto that differ in important ways. They see the population of young children in Toronto rising more quickly in the next few years and then decreasing gradually after that. They see Toronto's population of children 0-9 increasing by 24.2 by 2021. However, by 2031, the population of children 0-9 would be only 14.2 higher than today.

On the face of it, these population projections would seem to imply that licensed child care services and licensed child care subsidies would need to grow by about 23 over the next years. However, to fully know the implications of these population growth numbers for Toronto's child care system, a number of other factors need to be taken into account. First, we would need to consider

whether the future population growth will be a mirror-image of the current Toronto population or not. Arguably, a larger proportion of future growth will come from new immigration, perhaps especially from certain countries. These families could have more or fewer children, on average, than the current population of Toronto families with young children. Their anticipated incomes in the future could be lower or higher. Their education levels could mirror the current group of Toronto families or not. All of this could be factored into a scenario to simulate the probable future full-fee demand for licensed child care.

On top of this, the affordability models could be used, along with the assumptions about future family demographics and incomes, to chart what is likely to happen to the affordability of licensed child care over the next fifteen years, and the probable effects on employment.

This information could be used to determine the rate at which subsidy funding should grow in the city in order to reduce the barriers to licensed child care access for families with young children over time. It could also be used to present ideas to federal and provincial governments about the likely effects on affordability and employment of substantial new spending on licensed child care.

It is important to maintain and improve models like these demand and affordability models. The behavioural responses built into the demand models are based on data from 2010-2011. This data does not fully take into account the impacts of full-day kindergarten on child care demand. Also, because of small sample size, the data support for the schoolaged child care demand model is thinner than would be optimal. All of this implies that it is very important for the City of Toronto to pressure Statistics Canada to renew its collection of child care data and to ensure that surveys are well designed to provide information needed for models such as these. When new data, such as from the 2016 Census is available, these models should incorporate its insights.

## Chapter 11 | Summary and Conclusions

The Study Team has built models to forecast the demand for licensed child care for children 0-5 and children 6-9 in the City of Toronto. The models are also able to assess the affordability of licensed care for families throughout the city. Two measures of the affordability of licensed child care have been developed and used to analyze affordability. The demand model for children 0-5 is capable of simulating the impacts on demand for licensed child care and part-time and full-time employment when subsidy or funding policies change. The demand model for children 6-9 is capable of simulating impacts on demand for licensed child care, conditional on employment circumstances. Affordability models are capable of assessing changes in affordability when policies change. Several simulations were performed to illustrate the capabilities and characteristics of these models.

The models were built using information on family characteristics and on child care use and employment from Statistics Canada's Survey of Young Canadians (2010-2011). The population base of the City of Toronto model is provided by the confidential version of the National Household Survey (2011). The NHS provides geographic and socio-economic details on about 24,000 families in Toronto living in 140 neighbourhoods. This population base is used to analyze the characteristics of current child care demand and to simulate the effects of changes in population or policy variables. Since provincial child care subsidies administered and partly funded by the City of Toronto are an important source of demand for licensed child care, these subsidies were allocated across the population base using a variety of linking variables.

The costs of licensed child care in Toronto are very high. If families are lucky enough to get full or partial child care subsidies, the net costs can be very low.

However, for those who must pay the full fee, the typical annual costs per child (in 2015) are about \$21,000 for infants, about \$17,000 for toddlers and \$13,000 for preschool-aged children younger than kindergarten age. The costs of kindergarten-aged child care (before and after school programs) are typically about \$30-\$31 per day (2015). The annual cost for kindergarten-aged children will vary depending on whether child care is continued through the summer months.

Many of the patterns of demand for licensed child care are related to these high costs and to the incomes available to family members. Prices and incomes act as very strong constraints on the demand for licensed child care, and access of parents to employment. In addition to these financial variables, families with different ages and numbers of children, and having different socio-economic backgrounds have different preferences over child care and employment arrangements. This study found that some of the most important factors impacting a family's demand for licensed child care are:

- Affordability (i.e., child care fees and parents' incomes)
- Number of children
- Age of youngest child
- Sole parent vs. two parent family
- Immigration (Number of years in Canada)
- Family's ethno-cultural background

The Study Team has developed two measures of the affordability of licensed child care – the Family Income Affordability Measure (FIAM) and the Caregiving Parent Affordability Measure (CPAM). The first includes all sources of income in the family available to pay for licensed child care. The second is more closely related to behavioural decisions about the use of licensed child care and

employment, because it measures the change in family income when this parent goes to work. Both are based on the net cost of child care (after the Child Care Expense Deduction) and on after-tax after-benefit incomes. The Family Income Affordability Measure is calculated as the ratio of net child care costs to the net total amount of family income with parents employed, for each family. The Caregiving Parent Affordability Measure is calculated as the ratio of net child care costs to the net change in family income when the main caregiving parent moves from outside the labour force into income-generating employment.

The average value of our Family Income Affordability Measure (FIAM) is almost exactly 25%. In other words, a typical Toronto family would have to spend 25% of their total net income in order to purchase licensed child care services for their young children. If affordability is defined by the sometimes-used cut-off of 10% of net family income, about 75% of Toronto families would find licensed child care to be unaffordable.

When affordability of Toronto families is measured, the average value of the CPAM is over 60%. In other words, a typical Toronto family would need to spend more than half of the after-tax after-benefit income earned by the main caregiving parent if they wanted to purchase licensed child care for their young children. Affordability is truly a barrier to accessing licensed child care for many families.

We held eight focus groups in diverse parts of the city. Parents were enthusiastic to tell their stories. There was a strong general preference for licensed child care. The high cost is seen as the main barrier to access. Child care subsidies are welcomed and helpful, but the system is not seen to be sufficiently transparent, not well-understood and has very long waiting lists. Culturally-sensitive programming is important for many families, including indigenous ones. The full focus group report is available as Appendix A.

Together with EKOS Associates, we conducted a phone survey of Toronto families, between March and May. Questions asked were similar to those asked in the Survey of Young Canadians about child care use and employment, together with the factors anticipated to affect these. The final sample was 620 families with data on care arrangements for 929 children 0-9 years of age.

The sample is skewed towards affluent families with higher levels of education (those more likely to answer a substantial telephone survey), but it confirms the basic patterns found across Canada in the Survey of Young Canadians. In particular, this higher income, higher educated sample is especially likely to use licensed child care. There is evidence in the survey that Toronto families are quite sensitive to the fees charged for licensed care. Other factors have familiar effects on the use of licensed child care as well. The more children in the family, the lower likelihood of using licensed care. Ages 2 and 3 are the peak years for licensed care use, with very little use for children below 1 year of age, and substantial, but diminished, use as children go through kindergarten years. Families who have recently immigrated are much less likely to use licensed child care, but they become similar to Canadian-born parents after being in the country ten years or more. There are apparent differences in attitudes to licensed child care across ethno-cultural backgrounds, with some groups less and others more likely to use it. The report on the results of this telephone survey on child care arrangements of Toronto families is available as Appendix B.

The model we have built for Toronto children 0-5 makes possible many alternative simulations of policy changes. We consider three examples to demonstrate the capabilities of the demand and affordability models. The first simulation examines the impact on demand and affordability if all families eligible for full or partial subsidies could receive these child care subsidies.

The second simulation examines the impact on demand and affordability of a policy that sets the maximum cost of licensed child care at less than 10 of after-

tax after-benefit family income. A third simulation examines the impact of establishing a maximum fee per child at \$20 per day per child, no matter what the age of the child.

The table below provides a brief snapshot of the effects of the simulations on child care demand and employment, in comparison to the base case. The base case reflects the current reality of care arrangements and employment in Toronto.

**TABLE 47**

**SUMMARY OF CHILD CARE DEMAND AND EMPLOYMENT EFFECTS OF THREE SIMULATIONS IN COMPARISON TO THE BASE CASE**

	<b>Base Case</b>	<b>Subsidies for all eligible families Simulation</b>	<b>No more than 10% of Net Family Income Simulation</b>	<b>\$20 per day per child Simulation</b>
	<b>Numbers of children 0-5 years</b>			
<b>Licensed Child Care</b>	<b>51,205</b>	<b>76,135</b>	<b>79,775</b>	<b>86,625</b>
<b>Unlicensed Non-relative Child Care</b>	<b>13,350</b>	<b>13,285</b>	<b>13,265</b>	<b>11,465</b>
<b>Parent-Relative Child Care While Main Caregiving Parent is Employed</b>	<b>50,985</b>	<b>35,115</b>	<b>31,645</b>	<b>28,660</b>
<b>Main Caregiving Parent Not Employed</b>	<b>52,005</b>	<b>43,010</b>	<b>42,515</b>	<b>40,970</b>
	<b>Numbers of main caregiving parents</b>			
<b>Employment</b>	<b>87,270</b>	<b>93,915</b>	<b>94,180</b>	<b>96,115</b>
<b>FT Employment</b>	<b>60,705</b>	<b>73,600</b>	<b>75,790</b>	<b>79,260</b>
<b>PT Employment</b>				

Each of these simulations has a substantial effect increasing the demand for licensed child care and increasing the amount of parental employment. As we detail in separate chapters for each simulation, the distribution of the effects on demand and affordability is different across these three simulations. However, each of the policies simulated would substantially improve the affordability of licensed child care services.



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# Acknowledgements

This study has been a very collaborative project. Others deserve an important part of the credit.

Our thanks, especially, go to the 80 or more parents who participated in our eight focus groups, honestly and thoughtfully sharing their stories, their concerns and their experiences with us. We are grateful to all those parents who took the time to express their opinions in such a thoughtful way.

Crystal Basi, Executive Director, Toronto Aboriginal Support Services Council facilitated a discussion with Council members who forthrightly expressed their views about consultation with Aboriginal parents and guardians in Toronto and helped set us on the right path and Landy Anderson, Senior Policy and Program Developer at Native Child and Family Services of Toronto who thankfully assisted us to pull together a focus group of Aboriginal parents and grandparents.

We would really like to extend our thanks to all of the staff at the centres where we held focus groups. Without exception, they went overboard to accommodate a meeting, to suit our dates, to help recruit parents, to provide child care for the parents during the focus group and to set up the rooms so that they were comfortable. Thank you: Elizabeth Buchanan and Ruby Moayer from the Jane/Finch Community and Family Centre; Thadeus Malapatin and Sandra Aretusi at the Ontario Early Years Centre/Macaulay Child Development Centre; Mollie Zebedee from Family Day Care Services; Elaine Levy of Woodgreen Community Services; Racheal Lawrence and Catherin McNeely from the Thorncliffe Neighbourhood Office; Keith McCrady and Ryan Besito from Scarborough Child and Family Life Centre and Saadia Akram and Nasrin Hotaki from the Rexdale Women's Centre. Further, we are very grateful to all the staff that provided child care for the children of the parents who participated in the focus groups.

The project was also a collaboration with City of Toronto Children's Services staff: Elaine Baxter-Trahair, General Manager of Children's Services; Karen Gray, Director, Service System Planning and Policy Development, Children's Services; Lorraine Mcleod, Manager, Program & Policy Development, Children's Services; Nuala Meagher, Consultant, Children's Services, and Brendon Goodmurphy, Policy Development Officer at Children's Services and our main day-to-day contact with the City and all its resources. Their assistance was invaluable.

We were also pleased to have the insights, knowledge and wisdom of an Advisory Committee comprised of both City staff and external advisors: Erik Allen, Planning Project Manager, Strategic Initiatives & Policy Analysis, City of Toronto; Ann-Marie Nasr, Manager, Strategic Initiatives at City of Toronto, City Planning Division, Ann Pagnin, Consultant, Program and Policy Development, Children Services, City of Toronto; Harvey Low, Manager of Social Development Finance & Administration Division, Social Research & Analysis Unit, City of Toronto; and Associate Professor Magdalena Janus of the Department of Psychiatry and Behavioural Neurosciences at McMaster University.

The project started with consultations with experts from the Early Learning and Child Care community who challenged us to think and research broadly. They included Petr Varmuza (formerly of the City of Toronto); Martha Friendly, Founder and Executive Director of the Childcare Resource and Research Unit; Jane Mercer, Executive Director of the Toronto Coalition for Better Child Care; Bernice Cipparonne, Executive Director, Atkinson Centre, OISE, University of Toronto; Patricia Chorney-Rubin, Director of the School of Early Childhood at George Brown College; Kerry McCuaig, Fellow, Early Childhood Policy, Atkinson Centre, OISE, University of Toronto; Jane Bertrand, Program Director for the Margaret and Wallace McCain Family Foundation and a member of the Directing Committee of the Centre for Excellence for Early Childhood Development; Zeenat Janmohamed, Chair of the School of Social and Community Services and Deaf and Deafblind Studies at George Brown College; and Emis Akbari, Professor, School of Early Childhood, George Brown College.

We consulted with knowledgeable officials from Ontario's provincial government in the early stages of the project. Thanks are due to Nancy Matthews, Assistant Deputy Minister, Early Years Division of the Ministry of Education; Shannon Fuller, Director of the Early Years Policy and Program Branch, Early Years Division, Ministry of Education; Katherine Kelly Gatten, Director of Business Planning, Outcomes and Assessments Branch, Early Years Division, Ministry of Education; and Laurie McNelles, Manager, Business Planning, Outcomes and Assessments Branch, Early Years Division, Ministry of Education

We also sought the wise advice of economists from the University of Toronto with knowledge relevant to quantitative studies of child care and employment. These included Morley Gunderson, CIBC Professor of Youth Employment at the Department of Economics and Centre for Industrial Relations and Human Resources at University of Toronto; Douglas Hyatt, Academic Director of Morning, Evening and Executive MBA Programs and Professor of Business Economics at the Joseph L. Rotman School of Management, University of Toronto; Harry Krashinsky, Associate Professor of Economics at the University of Toronto Scarborough and the Centre for Industrial Relations and Human Resources at the University of Toronto and Elizabeth Dhuey, Associate Professor of Economics at the University of Toronto Scarborough and the Centre for Industrial Relations and Human Resources at the University of Toronto. Thanks for your sage and frank advice.

At University of Toronto's Research Data Centre, Analyst Joanna Jacob provided enthusiastic general support to the research, vetted results to preserve confidentiality of individual survey participants and provided patient advice on how to jump through the many hoops that are familiar to those who have worked in Canada's research data centres. Tina Hotton, Regional Manager of the Research Data Centres Program at Statistics Canada provided important support when the project was being developed.

Last, but not least, we are extremely grateful to University of British Columbia's Professor Kevin Milligan for permission to use the very useful Canadian Tax and Credit Simulator (CTACS) as part of the models' accurate calculations of net incomes of parents.

# Appendix A | EKOS Report on Focus Groups



# Cost and Accessibility: Assessing Barriers to Child Care in Toronto

Final Report on Focus Groups Conducted in Toronto, April 2016

EKOS RESEARCH ASSOCIATES INC.

May 2, 2016

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# KEY OBSERVATIONS

- **Child Care Choice**  
The vast majority of parents would prefer a licensed child care centre (in some cases family child care) if it was affordable. There was universal nervousness about leaving children with private babysitters.
- **Cost**  
Cost is overwhelmingly mentioned as the greatest barrier to obtaining child care. Many parents stressed that the cost of child care made going to work prohibitive. The specific approach to cost varied extensively between the characteristics of the participants and between the geographic locations within the City of Toronto.
- **Access to Subsidy**  
Good if you can get it! But lots of problems identified with the system: long waiting lists, lack of fairness and transparency, extremely complicated rules and procedures, lack of clarity around eligibility. More information needs to be distributed.
- **Cultural Sensitivity**  
Aboriginal families as well as parents with roots in cultures other than Canadian stressed the importance of the need for child care programs to be culturally sensitive so that children could see themselves in a positive way as well as assisting with language retention.
- **Quality**  
The quality of child care was not seen as a major issue or concern for their own children. For the system, however, the importance of quality was stressed.
- **Location.** Most parents did not find the location of their child's centre to be a problem.
- **Hours.** One of the biggest concerns was with the hours of operation. Many parents identified the opening and closing hours of child care centres as problems for various reasons such as job precarity and night shift for example.
- **Part-time care.** Many parents would like the option of licensed part-time care but realize that this is rarely available at child care centres.
- **Infant Care.** Recognition that infant care is extremely hard to get – whether subsidized or non-subsidized as most centres accommodate children 18+ months.
- **Full-day Kindergarten**  
Most parents agreed that full-day kindergarten had made a real difference to their working lives. There was concern with the availability and price of before and after school programs.
- **School-age Care**  
Programs seem to exist to deal with the problems but again inconsistent and no clarity regarding quality of programming.

# INTRODUCTION

The City of Toronto Demand and Affordability Model Study Team in collaboration with EKOS Research Associates arranged to conduct eight focus groups to discuss parents' issues with the demand, supply and affordability of child care. In order to ensure a cross-section of the Toronto population, focus groups were organized in different parts of the city between March 22 and April 12, 2016. Two of the focus groups were oriented exclusively to immigrant parents and a third was focused on the concerns and issues of Aboriginal parents. In reality, most of the focus groups comprised new and established immigrants as well as Canadian-born. Focus groups were held in the following locations:

- Family Day, Mary Ward Child Care Centre  
3200 Kennedy Road Scarborough
- Rexdale Women's Centre, 21 Panorama Court, Suite, 2300
- Ontario Early Years Centre, Macaulay Child Development Centre  
2700 Dufferin Street Unit 55
- Early Years Centre, Thorncliffe Neighbourhood Office 45 Overlea Blvd  
Unit 108A, Toronto
- Woodfield Day Care, 70 Woodfield Road, Toronto (Queen and Coxwell)
- Ontario Early Years Centre, Jane/Finch Community and Family Centre  
1911 Finch Ave., W, Unit 50A
- Scarborough Child and Family Life Centre (NCFST)  
156 Galloway Road, Scarborough (north/east corner of Kingston Road  
and Galloway Road)
- Opinion House, 2345 Yonge – (Yonge and Eglinton)

# OVERVIEW OF FINDINGS

The following findings emerge from the discussion groups conducted among Toronto parents on their experience obtaining child care:

## CURRENT ARRANGEMENTS

The vast majority of parents would prefer a licensed child care centre (in some cases family child care) if it was affordable. Otherwise, parents make whatever arrangements they can. Some work but arrange child care by “off-shifting” with their partners (or in some cases older children); get the grandparents to help out; use cheaper unlicensed child care, stay at home, or work part-time when the children reach kindergarten age. Trust issues were emphasized by virtually all parents who felt very nervous about leaving their children with strangers – unless they were in a position to conduct random checks.

*“The benefit I have is that my in-laws are with me. So they take care of the kids. But when they go back home, I’m in trouble. Maybe my husband and I will do alternate shifts... one of us in the morning, one in the night. I can’t trust anybody else with them. I have three girls. So we’ll do alternate shifts.”*

*“I changed my shift, so I work at night. I can pick them up and drop them off from school. I changed my shift to make it work. I work at night, my husband during the day. My parents had helped before, but they went back to India.”*

*“I was a full-time dental assistant. I was lucky that my mother in law was here to help... When I cancelled my subsidy application, my mother in law was here to help. Then she got sick and had to leave. I had to look into day care, but it was so expensive it would have taken my entire check, so I quit my job.”*

*“I work nights and I’m always tired but we’ve been able to work out a whole year’s schedule with my wife’s employer so that we can manage for her to work part-time”.*

## COST

Cost is overwhelmingly mentioned as the greatest barrier to obtaining child care. The majority of parents discussed their dilemma about going to work when practically their entire pay cheque would be spent on child care costs. For those working for low wages or minimum wage and unable to obtain a subsidy, it was impossible to consider using fee-based child care. Many parents mentioned the fact that even if one child was affordable, two children would impoverish them.

In one focus group, three parents had two jobs and one had three jobs in order to make ends meet. One parent said that they were not having any more children because the cost is too expensive and they would have to choose between living in a dump or child care.

The approach to cost varied extensively between the characteristics of the participants and between the geographic locations.

- Parents of children already using licensed child care with secure, well-paid jobs complained about the high cost but most parents begrudgingly paid it. Many of these parents indicated that they can manage it for one child, but two or more would be impossible.
- Parents with precarious jobs simply could not afford licensed child care and had to use other solutions: obtaining a child care subsidy; staying at home; off-shifting with partner; using parents or relatives; some informal care. A few parents currently on subsidy discussed the fact that single parents were only a “subsidy space” away from re-entering the “system” and the cycle of poverty.
- Recent immigrants reported that they definitely could not afford child care and had great difficulty accessing subsidy.
- There was no consensus on the ideal cost of child care per day. It depended on the circumstances of the family. Only a few parents had heard about the Quebec system where

*“Child care cost my whole salary and I never got to see my kids or my money – so I stay home”.*

*“My whole pay check went to transportation and daycare so I quit my job”.*

*“\$7 a day would be amazing compared to Toronto’s \$74 a day!”*

parents pay approximately \$7/day. Many thought this would be so wonderful and that they would definitely work and place their children in child care if Toronto was like Quebec. Parents on subsidy paying very little thought they would struggle even with \$7/day. Some parents with well-paying jobs thought that \$25-\$30 would be manageable but they were even reluctant about paying that amount if they had more than one child. There was a positive response to rates being between \$10 to \$15 per day per child from all parents. Several parents pointed out that it should be free like the Education System. Other parents discussed the possibility of a sliding scale so that “heart surgeons” wouldn’t be getting free child care. It was suggested that it should be free for all parents with a family income of less than \$80,000 per annum.

*“It’s a children’s rights issue – children don’t choose the family they are born into – they have the right to early education”*

For most parents, regardless of income or work status, the cost of child care would consume much of the income they would make at work. For some, returning to work was seen as a necessary investment even though child care consumed all their earnings; for others, it just didn’t make sense.

## ACCESS TO SUBSIDY

Many parents receiving subsidy were very happy with their circumstances.

*“I pay \$500 a month on subsidy compared to a full fee of \$2,100 per month.”*

Long waiting lists for subsidies were identified as a major barrier preventing many from returning to work. Many parents explained that by the time a subsidized space eventually became available, they no longer needed it either because their child was too old or because they had moved. Periods of one, two, four and even eight years were mentioned.

Getting the City child care fee subsidy was universally described as extremely complicated to apply for and something that requires very long waits, often to the extent that when a subsidized space eventually becomes available it can no longer be used by the participant.

One parent with a Masters degree described the fact that trying to get her 12-month old child into licensed child

*“You have to learn how to game the system in order to get a spot.”*

care was a “full-time job”. She had to put her name down on ten waiting lists (plus four agencies) and because people didn’t answer telephones, she had to make regular visits. This had so far cost her \$400 for the waiting list fees and she expected that it would cost another \$300 before she got a space. She’d had to put off her renovation project. She suggested that Toronto should have a centralized waiting list, like Ottawa. She was also a proponent of the system of planned child care in Sweden.

*“Why can’t we have a system like Sweden? My son was born there. Three days after he was born, I received a notice about the location of his daycare spot that he could attend when he reached 12 months for \$200 a month. It was all planned.”*

*“They wanted so many papers and so many documents and after all the stuff I gave them, the only thing left to do was give them a key to my house!”*

For many parents, the subsidy is not worth the hassle: the few dollars that they might save on subsidy meant that the child care was still not affordable.

*“On subsidy, we would be paying \$900 every 2 weeks but I only make minimum wage - \$11 an hour – so it would just cover my bus pass to get to work.”*

*“I went on line to see if I qualify for subsidy but still too expensive – not worth it and a hassle to go through to only find out if you don’t qualify.”*

Many point to a lack of transparency in the system. Parents often could not understand why sometimes it took years to access subsidy and on other occasions

*“You have to call and hound the daycare and some people buy gifts for the staff”.*

it only took a few weeks. For one parent she waited four years for a subsidy for her first child; but then for the second child, she got a call within 10 days. Parents did not believe that the waiting list was fair and transparent.

Many expressed concerns about getting cut off subsidy. This issue was especially concerning for parents in precarious work. Often, they didn’t get guaranteed hours or they would be moved from regular hours to on-call. In these circumstances, they would lose their subsidy even though they still were working or available for work. There was also concern by parents who had to take one child out of child care while on maternity leave but then couldn’t get the space back when it was time to return to work.

For most parents, the effort and complexity involved in obtaining subsidized daycare represents a huge barrier, leaving most parents discouraged, frustrated, and having to rely on alternative solutions – including not working at all. In some cases, they would be called about an available space prior to the end of their parental leave and parents felt they were being “forced to put your child in a child care spot or you lose it.”

Most parents did not understand the eligibility rules. They just assumed they wouldn’t be eligible.

Most new immigrants could not understand how the system worked and questioned why some parents in their community could get it and they could not.

Many parents questioned why the high cost of living didn’t seem to be taken into account when being assessed for subsidy.

*“What they consider enough to live in Toronto is not taken into consideration in the calculation for subsidy.”*

There was an expression of interest in getting the City to provide more information.

*“There isn’t a lot of education about options for new parents. It would be helpful if pediatricians could offer some kind of education about options.”*

## CHOICE OF CHILD CARE

Across the City, the vast majority of parents would prefer a licensed, regulated child care setting for their children. Some would prefer family home child care. There was universal nervousness about leaving children with private babysitters. A surprising number of participants had personal “horror stories” with their informal arrangements. Two of them resulted in public enquiries and the subsequent arrest and laying of charges on the caregiver. Immigrants would prefer to have family members taking care of their children if they were available.

*"Home day care is not up to my standards."*

*"There are no safe alternatives to licensed care."*

*"I know there are people that take care of kids in their homes for \$3.00 a day but I want my child to be safe and in a clean and organized environment – I'm not willing to take the risk."*

*"It's important to choose a child care with a bunch of kids and trained early childhood educators and better standards."*

## CULTURAL SENSITIVITY

Aboriginal families as well as parents with roots in cultures other than Canadian stressed the importance of the need for child care programs to be culturally sensitive so that children could see themselves in a positive way as well as assisting with language retention. One parent said she would only place her children with a trusted caregiver from the same culture so that her children would become familiar with the importance of their language, food and culture.

*"It would make kids more accepted if their culture was represented in their child care centres and schools."*

## ABORIGINAL CHILD CARE

The Aboriginal Focus Group held at the Native Child and Family Centre in Scarborough was quite special. Eleven parents or grandparents attended all of whom had custody of children under nine. They were all extremely positive about the experiences they had had at the Native Child and Family Centre and indicated how much things had changed in the last several years. The kinds of problems that they had for their children in the past were probably mirrored in the present day by parents who were not lucky enough to live close enough to, or get into the Centre. There was a lot of praise for a dedicated staff member at the Centre who was exceptionally instrumental in assisting them with the process of getting and maintaining their subsidy spots.



*"I am taking care of my 5 grandchildren and four of my own, I can't work; it's a full-time job!"*

A number of the children had started in daycare, moved on to Aboriginal Head Start and were now in the after-school kindergarten program. Many of the parents praised the Centre for organizing so many resources in the community. They are able to get bused to Scarborough Town Centre YMCA, take swimming classes, participate in gymnastics, dance, hockey, etc. Most parents felt that full day kindergarten did offer more flexibility but some parents also worried that they didn't get naps and the children found it very tiring. One parent who had a child with special needs moved to Toronto from Sudbury especially for the diagnostic and treatment services available for autism. Now, his child gets excellent services and his wife and the Centre are real advocates and on top of things.

Parents' concerns focused more on the practices at the local school rather than the Centre. Several parents lamented that their children's exposure to Aboriginal culture and language ends with Aboriginal Head Start, when children enter Junior Kindergarten, and that no other Aboriginal-focused programs are offered again until grade four. They are worried that funding is tight and that the school is losing some of their culturally-specific programming such as drumming and drum-making, learning about ceremonies and dance, sacred fire teaching, etc.

Having an option to put their children in Aboriginal child care is seen as beneficial for several reasons. It helps their children learn about their culture and the language of their people, but it also helps them socially to make friends with other Aboriginal children. At least one parent also pointed to the benefits to them, as parents, to be a part of a close-knit community of Aboriginal parents who can help each other out.

*"I just think it sucks... When they're here they teach them [about our culture]... But they stop it at JK. And there isn't anything else until grade four."*

*"My eight-year-old was going to a regular school with just one other native person... Here he's got friends that he hangs out with... Being with people like him helps build his identity."*

*"It helps build a close-knit community... you help each other out."*

## QUALITY

The quality of child care was not seen as a major issue or concern for their own children. For the system, however, the importance of quality was stressed. Important components of quality included regulation for safety and staff training, an educational program, good equipment, variety of toys, good hand-washing practices, observation of proper nap times and good hand-washing practices.

*“My preference is for licensed home care because the food is better and more culturally appropriate.”*

*“The quality of the educator so important – my son had a speech delay and there was a marked difference between when he was home with a nanny to when he started child care with qualified early childhood educators”.*

A couple of parents discussed the relevance of the quality assurance system but this system was not widely known.

One parent recoiled at the thought of placing her children in informal care.

*I grew up in the informal daycare system. I went to three home day cares and only in one of them did I have activities and excursions; at the others I just watched soap operas and in the afternoons the caregiver’s daughter would give us pickle juice to drink.*

Parents were similarly nervous about nannies. Only two parents had actually had nannies and they had each moved their children into the child care system within a couple of years. Again, there was a nervousness about not knowing what was happening and because of the high cost, the short supply and sometimes the lack of language.

## ACCESSIBILITY

**Location:** Most parents did not find the location of their child’s centre to be a problem. Exceptions included space for infants and toddlers and children of kindergarten age.

**Siblings:** Many parents found it difficult to get their children into the same centre resulting in multiple drop-offs and pick-ups; on the other hand some parents complained that certain centres prioritized siblings and that they therefore

couldn't get their children into their neighbourhood programs.

*"I have three [children] as well, so I have to do three drop offs and three pick-ups."*

**Hours:** One of the biggest concerns was with the hours of operation. Many parents identified the opening and closing hours as problems. One parent, for example, starts work at 7:00 a.m. Her child care centre doesn't open until 7:00 a.m. so her grandmother drops off her child at 7:00 a.m. so she can make it to work on time.

*"There's no flexible hours beyond 6pm or weekends and that's when I work"*

One parent had friends, a couple, one of whom was a nurse and the other a police officer. There was no possibility that child care hours would work for them. They made it work with a combination of nannies and babysitters.

Lots of parents were completely disdainful of the \$1 per minute charged as a late fee by child care centres. Disdainful because they didn't feel it was their problem that their hours didn't fit the schedule of the child care centre.

**Part-time care:** Many parents would like the option of licensed part-time care but realize that this is rarely available at child care centres. Just one parent in the focus groups was lucky enough to somehow have her child in a child care centre for 2 days a week and had access to her in-laws for three days a week.

*"Modern families need different systems set up for different lifestyles: 7:30 am to 6:00 pm doesn't work and no part-time options means it's difficult".*

This is highly unusual.

**Infant Care:** There was recognition that infant care is extremely hard to get – whether subsidized or non-subsidized. This creates great stress for parents on maternity leave who are planning to return to work and can't guarantee child care and therefore are worried about jeopardizing their jobs.

*"There was no care available for infants or even 12month olds. I now have to wait until they are 18months but mat leave is only 12 months."*

*"We are eating into our savings and RRSPs because I can't work until we find a space."*

In fact, parents returning from parental leave frequently found themselves in a *Catch 22* situation. Parents only have 12 months' parental leave but it's virtually

impossible to get child care for infants unless you are extremely persistent. Even parents who got their names on waiting list immediately upon discovering their pregnancies reported having problems getting spaces. So, therefore, they can't return to work and have to contemplate quitting their jobs or opting for a less desirable child care option. Many parents found themselves in a position of taking a position before they were ready to return to work just so they wouldn't lose the space. One parent thought it would be good if they had a system, as in Quebec, whereby 12 months' maternity leave could be phased over 18 months. The same parent also pointed out that the best time to get a child care space is September, so think about planning your birth around that timing!

**Francophone Child Care:** A few parents were dedicated to placing their children in a francophone child care centre. The problem is that there are so few places that it's extremely difficult to get in, especially if you have more than one child and you want a subsidy space.

## FULL-DAY KINDERGARTEN

Most parents agreed that full-day kindergarten had made a positive difference to

*"Full-day kindergarten saved me money and I am able to make informal arrangements for the 2-4 hours a day outside of full-day kindergarten.*

their working lives. In fact, parents overwhelmingly referred to kindergarten as "school" and when my child "goes to school." It is no longer seen as early childhood education.

One parent pointed out that it used to be impossible to take on a morning shift but now she could work a full morning till 2 p.m. and then pick up her son from kindergarten. Another parent described about how she could potentially get a job at the Home Depot now that kindergarten was full-day. But she realized that she would still need care on PA days, March Break, etc.

But the accolades were also accompanied by concerns. There was real concern about the availability of and access to before and after school programs. Even if these programs are available, most parents found the cost prohibitive especially for a couple of hours a day. Some parents explained how schools did not provide before and after school programs unless there was sufficient interest by parents. It takes at least 15-20 parents to indicate that they are interested, before the school has an obligation to set it up. "There's no before and after school child care unless the magic number is achieved", explained one parent. The problem is that parents are asked whether they are interested when they enroll for kindergarten at the registration interview. At this stage, the parents aren't sure what it is exactly and also it sounds very expensive, so they ignore it. This means that the school can show that a requisite number of parents didn't

*"I tried to register my son for kindergarten and there was a question on whether or not I would need before or after care - I clicked yes and then it bumped me out of the form - when I called the school they told me to go back into the online form and just click 'NO' for that question because the school does not provide before and after care."*

come forward and they don't need to provide it. Sometimes, the situation is even more duplicitous as explained by this parent:

Despite the lack of before and after school programs, a few parents pointed out that the cost of these programs was prohibitive at \$25-30 a day. So unless, you get a subsidy, it really isn't an option. In fact, one parent pointed out that it cost her \$493 for the whole year by hiring someone for a couple of hours to pick up her children after school. Some parents were less than complimentary about JK compared to child care but overall parents were pleased to have the option of full-day kindergarten at a substantially-reduced cost.

*"Junior kindergarten is not early childhood education. The lunchroom setting is horrible and you don't get the kind of feedback you get from the child care about how to manage and support your child's behaviour and development."*

## SCHOOL-AGED CHILD CARE

There were lots of parents with school-age children at the focus groups. Parents seemed neutral about what is available. Licensed care is too expensive for most people but parents also seemed to agree that their standards weren't so high for older children for short periods in the day.

*"It's important for younger children to be in licensed care... but not so important for school age kids."*

Some parents talked about how they were quite pleased with arrangements that included clubs, homework and quality programming.

## RESOURCE PROGRAMS

Many parents, especially immigrant parents in Rexdale and Thorncliffe Park talked about how the costs of child care were so prohibitive that they were very much focused on taking advantage of the free programs that the City has to offer. The Ontario Early Years Centres, Libraries and other recreation programs were described as substitutes for the socialization aspects of a licensed child care program. Parents also appreciated instruction in child development from Public Health officials and social workers.

*"There are a lot of great free programs in the City of Toronto – libraries, oeysc, family literacy programs – but they are very busy and are not child care".*

It was, however, pointed out that quality of programs varied extensively by area – with the better quality programs emerging in higher-income neighbourhoods. Also, it was noted that there were huge nanny networks in some communities and that their use of the services made it difficult to attend programs as the nannies tended to get there first and fill the spaces.

## OTHER IDEAS AND INITIATIVES

- Free Heritage language programs used as a substitute for after-school child care.
- Better access to recreation programs for school-aged children needed
- Low-cost (25 cents) breakfast and snack clubs used as a substitute for before-school care where they exist.
- Provide subsidy support workers in child care programs to help parents access and retain subsidy
- Planning! Planning! Planning needed in coordination with the School Boards.
- Strategy discussion occurred raising the question of whether “extensive access” precedes “quality” or vice versa. Interesting debate to have.
- Lots of discussion focused on Children’s Rights, treating child care the same as education and how that could be paid for; compared to Sweden or Quebec.
- Overhaul the subsidy system.
- Need for an online central waitlist for subsidy and child care.

# APPENDIX A. DISCUSSION GUIDE

## Introduction

- I represent EKOS Research Associates and these groups are being conducted on behalf of the City of Toronto to explore how families in Toronto deal with access and cost issues related to childcare
- The session will last about two hours and we can start by going over the format and “ground rules”:
  - ◇ Discussion is being audio taped so that I can listen closely to what you are saying and not be distracted by having to write things down.
  - ◇ All comments are confidential.
  - ◇ But I also want to point out that there are other members of the study team doing this on behalf of the City of Toronto here as well who are viewing this discussion in order to get a better sense, first-hand, of what people’s impressions are and why.
  - ◇ Please try to speak one at a time and be respectful of one another’s opinions.
  - ◇ There are no right or wrong answers to the things we’ll be talking about — we’re just looking for your honest opinions about your childcare options
  - ◇ It’s okay to disagree. Please speak up even if you think you’re the only one who feels a certain way about an issue. Everyone may have different experiences and different points of view.
  - ◇ Moderator’s role: I’m here to raise issues for discussion, watch the time and make sure everyone has a chance to participate. Think of me as an air-traffic controller.
  - ◇ Please make sure that your cell phones, Blackberries, etc. are turned off.
  - ◇ Questions? ADD IN HERE, REMOVE

## Warm-up – (OPTIONAL 5 minutes)

*Usually we would make this a chance to get participants, that might not have ever taken part in a focus group before to warm up – something like their name, how old their children are, any pressing stories about childcare - good or bad – that they want to share. We could ask the to do a short exercise where I collect the top of mind feelings about childcare in Toronto.*

**NOTE:** *We need to be aware that parents will be in different situations. In some of the focus groups, the majority of parents will be working and using childcare; in other focus groups, there will be a combination of parents who are working and using childcare along with those who are not working and not using childcare. This is especially true in the two immigrant focus groups (Thornccliffe and Rexdale) as well as Jane/Finch to some degree. If the majority of parents are not in the workforce and not using childcare, the dialogue can be considerably shortened.*

### **Setting out the Basics– (90-95 minutes)**

1. Let's first talk about those of you who are working and using childcare. How many of you have childcare arrangements outside the home?

**NOTE:**

- *If more parents are working and using childcare, start with the following questions.*
- *If more parents are staying at home, ask question 6, 7 & 8 on, then return to question 2*

2. Tell us about the childcare arrangements you currently have? How many of you use licenced childcare? How about a licensed family home? Or, do you use a babysitter in her home or in your own home? Or, does a relative look after your child/children while you are working? Or, do you manage to work and keep your child at home by making the schedules of you and your partner or a family member work out? e.g. "Off-shifting".
3. Do you pay fees for your childcare or do you have a partner or relative who provides the childcare for no fee?
4. Thinking about the cost of your childcare arrangements, would you say the service you currently use is affordable? If you don't think it is, what price would make it affordable? Instead of a specific dollar amount, could you suggest a percentage change in the price that would make it affordable? So for example, you might say that if the price were three quarters, or half of what you pay now, that would be a reasonable price to pay.
5. Can you tell us if the availability of subsidy has helped with your childcare arrangements? By a show of hands do you or have you at any time



received a City of Toronto childcare subsidy? For those who have, let's talk about whether the subsidy affected access and availability. For those that haven't – why didn't you get subsidy? Should the City spend more to create more subsidy spaces, even if meant reduced services elsewhere?

*PROBE: What were the circumstances that meant you weren't able to apply for and receive a subsidy; what were the circumstances that meant you got cut off of subsidy?  
What would you do if you lost your subsidy?*

6. For those of you who are at home with your children, why have you decided to stay at home and look after your child?  
*PROBE: Is it too difficult to get a job? Is childcare not available or affordable?*
7. Would you be willing to get a job (full or part-time) if childcare was available and affordable or if you could get a childcare subsidy?
8. What other services do you use to compensate for the lack of childcare, e.g. drop-in centre, library, Early Years Centre, other?
9. **[ABORIGINAL GROUP ONLY:]** Is your child care arrangement run by an Aboriginal program? Does it have Aboriginal staff?
  - a. If it is run by an Aboriginal organization, can you tell us what that's like for you and your child.
  - b. If it is not run by an Aboriginal organization, can you tell us what that's like for you and your child?
10. Did one or more of your children attend full-day kindergarten in the last year? Was this a positive experience? Were you able to pick her/him up after-school or did you use childcare before or after school? Was the childcare at the school? In another childcare centre? Private arrangement with a caregiver? Basically, how did all of this work for you? *PROBE* for stories about full-day kindergarten.
11. Has full-day kindergarten changed the way you experience your job? *PROBE: Has it made it easier or harder to make arrangements for your child before and after school and in the school holidays, PD days, etc.? Has it made childcare more affordable for you? Do you think the kindergarten is as good as the childcare? Are the staff good? Are there aspects of Full-Day kindergarten that you don't like?*
12. Did one or more of your children attend grade school in the last year? Were you able to pick them up after-school or did you use childcare before or after school? Was the childcare at the school? In another childcare centre? Private arrangement with a caregiver? Basically, how did this work for you?

13. Do the hours and location of the service of your childcare arrangement suit your own hours of work or school?
- a. *Moderator probes for the details - can you tell us a bit about more about how the hours and/or location of the program work or don't work for you?*
14. At any point in the process of having children and thinking about going to work or back to work, has your family considered the option of not working or changing jobs as a credible alternative to childcare services? [*PROBE: Have you considered having fewer children, knowing that childcare and employment options might make it too difficult? Would you consider having more children if childcare were more affordable?*]
15. If one or more of your children has special needs, are these needs accommodated in your childcare arrangement? Can you describe your situation for us to better understand what it is like?
16. Let's talk about your ideal childcare arrangement. This might include a discussion about how much it would cost; whether there would be; certain kinds of programming or focus;
- a. What aspects of the program would be emphasized?
- b. Explore how neighbours deal with childcare arrangements (*if there's time*)

### **Wrap up (2 minutes)**

1. Is there anything that we haven't talked about that you want to talk about before we go?

**Appendix B | Report on the Survey on the Child  
Care Arrangements of Toronto  
Families, 2016**

# ANALYSIS OF SURVEY OF TORONTO FAMILIES: CHILD CARE ARRANGEMENTS OF TORONTO FAMILIES WITH CHILDREN 0-9 SEPTEMBER 2016

## Details of Survey

The questionnaire was designed by the Study Team and the sample of telephone respondents was recruited by EKOS Associates in March and April of 2016. A total of 620 families provided usable responses on parental employment, main child care type used and ages of children in the family. Families were asked about child care arrangements for up to two children (the two youngest children) in the family. The responses give us information about a total of 929 Toronto children from 0-9 years of age.

## Is the Survey Representative?

The sample in our survey is tilted towards higher income individuals and families. According to data from the City of Toronto in the 2011 Census (i.e., the National Household Survey), about half of census families with children 0-9 earned less than \$50,000. The telephone survey has only about 15% of families in this income range.

The telephone sample has about the right proportion of middle-income families (23% vs 25% in the NHS), and a much higher proportion of higher income households (62% vs. 25% in the NHS).

**Table 1**

**Comparison of gross household income between  
2011 National Household Survey and City of Toronto EKOS Survey**

	Gross household income – City of Toronto: 2011 National Household Survey (% of families)	Gross household income – City of Toronto EKOS sample (% of families)
Less than \$50,000	50	15
\$50,000- \$99,999	25	23
\$100,000 and over	25	62
Total	100	100

**Table 2****Comparison of highest level of completed education between  
2011 National Household Survey and City of Toronto EKOS survey**

	Highest Level of Completed Education – City of Toronto: 2011 National Household Survey (% of families)	Highest Level of Completed Education – City of Toronto EKOS sample (% of families)
High School or less	29	8
College or Trades Diploma or Certificate	60	26
University Degree	12	67
<b>Total</b>	100	100

The same general pattern appears if we compare education levels of main caregiving parents in the telephone sample to this same data from the National Household Survey (see Table 2). In fact, 29% of families with children 0-9 have high school education or less as their highest completed level of education. Only 8% of our telephone sample has similar education. Just over one quarter of our telephone sample has a college diploma or certificate as the highest level of completed education. However, this is true of 60% of families in the NHS. In fact, two-thirds of the telephone sample have a university degree, compared to about 12% of this population segment in the NHS.

It might be said that the sample recruited for this survey is more similar to the population of full-fee users of child care; we will use the survey to inform our thinking especially about this group of potential users of child care.

### **A Portrait of the Families and Children in the Sample**

Because mothers have a stronger role in child rearing in many families, we asked mothers in two-parent heterosexual families to answer the questionnaire. In lone-parent families, we asked the parent of either gender to respond. In two-parent homosexual families, we asked either parent to answer. We describe this parent as the “main caregiving parent” which we have shortened to “MCP” throughout the document. We believe that the characteristics of the main caregiving parent have a strong influence on child care decisions made by the family. About 14% of respondents were sole parents.

Approximately half of all families interviewed had only one child 0-9 years of age. The other half of families had two or more children 0-9 years of age.

**Table 3**

**Numbers of children in families of respondents by age**

# of children	0-5 years (%)	0-9 years (%)
0	32	0
1	45	50
2	21	41
3	1	8
4	0	1
TOTAL	100	100

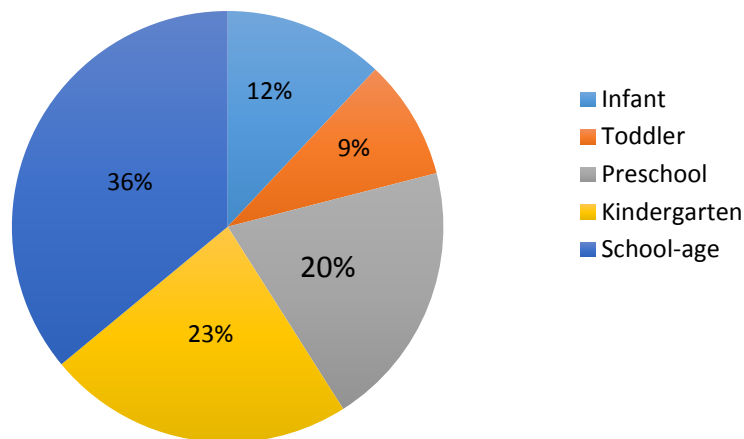
About two-thirds of families in the sample have at least one child 0-5; the majority of these families have only one child in this age range.

We can adopt the age categories of the Child Care and Early Years Act to summarize the number of children by age. Infants are less than 18 months of age. Toddlers are between 18 months and less than 30 months. Preschool children are from 30 months up to the age at which children are eligible for kindergarten (which varies depending on when they were born, but is largely when children are 4 or 5 years of age). Children of school age are eligible for Grade 1, generally at 6 years of age. Since our sample only includes children up to and including 9 years of age, we do not have school-aged children from 10-12 years of age.

We have a good spread of ages of children amongst respondent families. About 12% are infants, 9% toddlers, 20% preschoolers, 23% in kindergarten, and 36% are of compulsory school age.

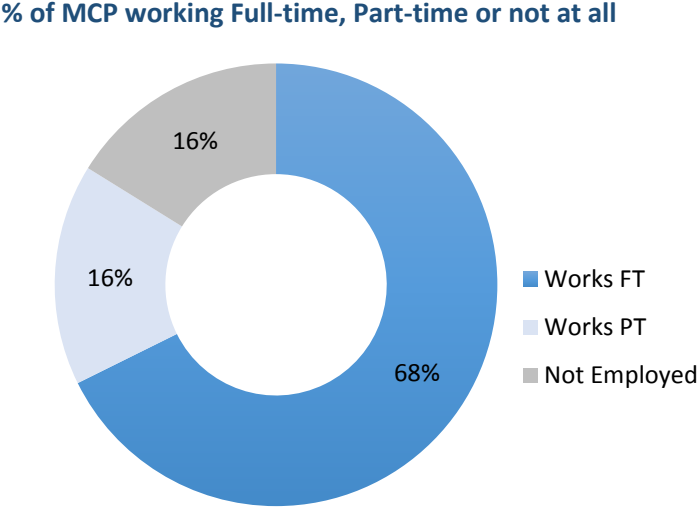
**Figure 1**

**Children of Respondent Families by Age Category**



Over 80% of main caregiving parents (MCP) in respondent families are engaged in paid work in any normal week. Of these, over 80% are employed, rather than self-employed. Further, over four out of five of the main caregiving parents in our sample who are employed are employed full-time

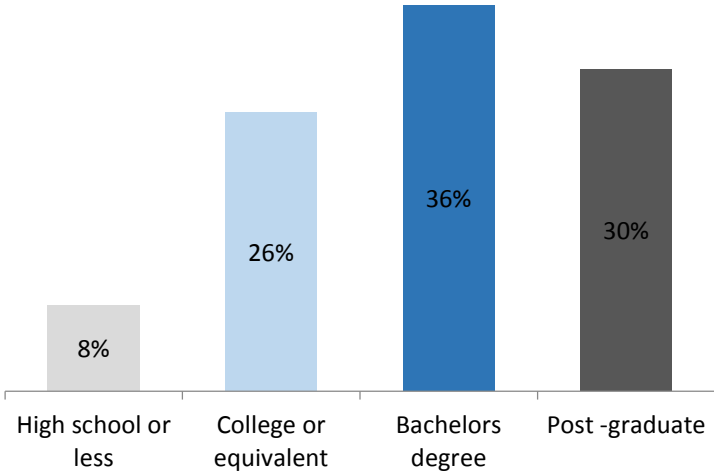
Figure 2



Our sample does not have many main caregiving parents with high school completion or less as their highest completed education. About 66% of our sample has a university education.

Figure 3

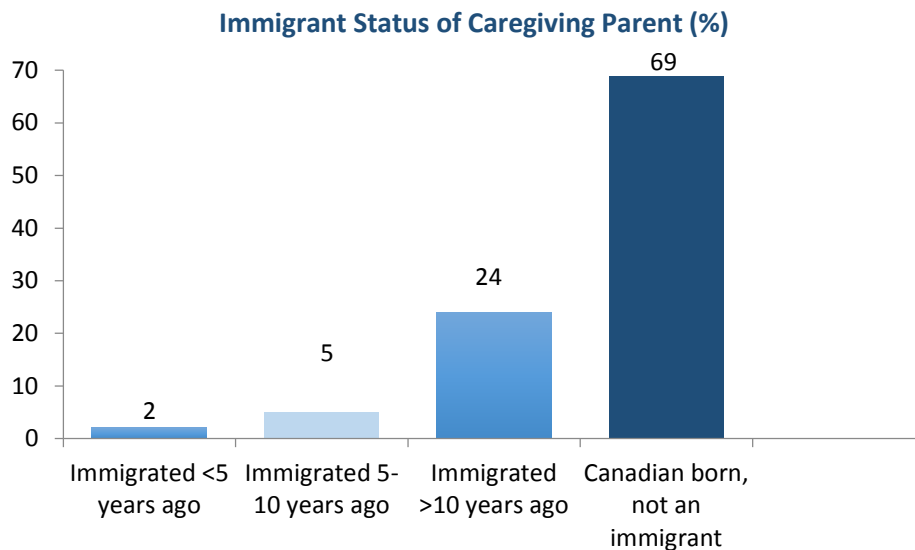
**Highest level of completed education of main caregiving parent (MCP) (%)**



About 68% of respondent families have a main caregiving parent (MCP) who was born in Canada. Over 30% were born outside Canada.

Perhaps not surprisingly, the bulk of immigrant main caregiving parents responding to the survey have lived in Canada for 10 years or more.

**Figure 4**



Looking at the ethnic/cultural background of respondents, we see there are a substantial number of main caregiving parents who are South and West Asians or who are African or Latin American or from the West Indies. These groupings are based on similarity in child care use patterns observed in the Survey of Young Canadians.

**Table 4**

**Ethnic and Cultural Background of MCPs in Respondent Families (%)**

Not a visible minority	65
South Asian, West Asian	10
Southeast Asian, Filipino	3
Chinese, Korean, Japanese	3
African/Latin American/ West Indian	14
Aboriginal	1
Other or not stated	6
Total	100



Not all families answered questions about income. Of the majority who did 46% of main caregiving parents earned annual income less than \$50,000, another 38% earned between \$50,000 and \$100,000 annually. About 16% of MCPs earned over \$100,000 per year.

**Table 5** Categories of Main Caregiving Parent’s Income in EKOS Sample

Main caregiving parent’s Income	%
Personal Income, less than \$50,000	46
Personal Income \$50,000-\$99,999	38
Personal Income \$100,000 and over	16
Total	100

About 15% of families had a total household income of less than \$50,000 annually. Another 23% had household income between \$50,000 and \$100,000. Over 60% of families had household income over \$100,000.

**Table 6** Categories of household income in EKOS sample (%)

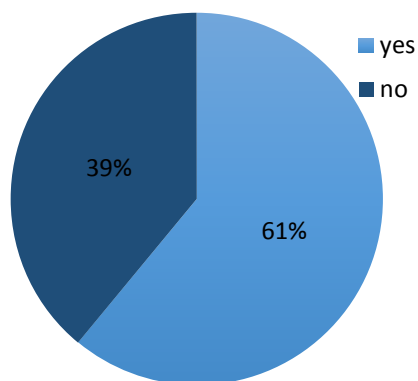
Household Income	%
Household Income, less than \$50,000	15
Household income, \$50,000-\$99,999	23
Household income , \$100,000 and over	62

## CHILD CARE AND EMPLOYMENT ARRANGEMENTS

Just over 60% of children in our sample have regular weekly non-parental child care arrangements.

Figure 5

### % of Children that have regular weekly non-parental child care arrangements



If we look at the detailed child care arrangements for the children in our sample, about 16% use a licensed child care centre and another 21% use a (licensed) before and after school program. Another 6% in total use either a licensed part-time nursery school or licensed home child care. Only about 9% use an unlicensed non-relative caregiver (especially nanny arrangements in the child's home) and 9% use relatives. Nearly 40% do not have regular non-parental care arrangements.

Table 7

### Type of Care Arrangements used by Survey Respondents

	Type of Care Arrangement	%
Licensed	Child care centre	16
	Part-time nursery school	4
	Before/After school child care for kindergarten/school age	21
	Family home care	2
	Non-relative care other home	2
Unlicensed	Non-relative care in child's home	6
	Relative care in other home	4
	Relative care in child's home	5
	No non-parental child care arrangement	39

The next table provides some perspective on these child care and employment arrangements. The high price of paid care (see below) is a big disincentive to its use; about half of children use parent or relative care where there is no arms-length financial transaction. The large majority of the paid care (43 percentage points out of 52, or 83% of the paid care) is provided by licensed child care services of one kind or another. There is a substantial amount of care provided by parents or relatives, but it comes in different forms. About 20 percentage points of this parent-relative care is provided by parents while the main caregiver is employed. Another 13 percentage points is provided predominantly by the main caregiving parent who is not employed. A further 6 percentage points of the total of all children is care provided by parents who are on maternity/parental leave prior to returning to a job. The final 9% of children use care provided by relatives”.

**Table 8**

**Distribution of Licensed, Unlicensed and Parent/Relative Care by Survey Respondents**

Type of Care Arrangement	%
Licensed	43
Unlicensed non-relative care	9
Relative Care	9
Parental care (MCP employed)	20
Parental care (MCP not employed)	13
Maternity/parental leave	6

## CHARACTERISTICS OF CHILD CARE ARRANGEMENTS

For those families with a regular child care arrangement, many (22%) do not need to travel to get to this arrangement (it may be in the child’s home). Over 40% travel by car. Over 25% walk to their child care arrangement. Small numbers of families use other travel modes.

**Table 9**

**Method of Travel to Child Care Arrangement by Families Using Child Care in Survey**

Travel	%
No travel needed	22
Van/school bus	4
Car	42
Public Transit	5
Walk	27
Bicycle	.35

Most families do not travel very far to get to their child care arrangements. Average one-way times are less than 15 minutes in all types of care, with the median travel time being 10 minutes or less.

The table below looks at the average (mean) cost to a family of purchasing child care for each child. Since child care subsidy can lower the fee that a parent has to pay for licensed child care, we have excluded prices paid by families receiving full or partial subsidy. Since full-time fees can be higher than part-time fees, we only consider respondents using 15 hours or more of child care per child.

The average cost of child care to parents is high. The typical cost of care in a child care centre is between \$1,100 and \$1,200 per month. The typical cost of before and after school care is about \$600 per month (for a 10 month period). Licensed home child care costs about \$900 per month. Much relative care is available at zero cost, but the average such arrangement costs a few hundred dollars per month. In our sample, the price of care by a non-relative is high...about \$1,400 to \$1,500 per month, whether in the child's home or another home.

**Table 10**

**Cost of Child Care Arrangements**

Type of Child Care Arrangement		Average Cost Per Month \$
Licensed	Child Care Centre	1,158
	Part-time nursery school	959
	Before/After school care for kindergarten or school age children	607
	Family home care	938
Unlicensed	Non-relative in other person's home	1,477
	Non-relative in child's home	1,515
	Relative in other person's home	413
	Relative in child's home	385
	No non-parental child care	0

Sixty-three out of the four hundred and two respondent children using licensed child care receive child care subsidies (about 16% of licensed care users). One third of these get full subsidy and two-thirds partial subsidy. Another 14% of licensed care users have either been refused subsidy or are on the waiting list to receive it. Relatively small fractions of those using other types of care have been refused subsidy or are currently on the waiting list for subsidy.

**Table 11**

**Subsidy Status of Survey Respondents by Type of Child Care Arrangement Used**

Subsidy	% of type of child care used		
	Licensed	Unlicensed	Parent/Relative
Full subsidy	6	0	0
Partial subsidy	10	0	0
Waiting list	1	1	6
Refused subsidy	13	4	8
Not applied	66	80	70
Didn't know about subsidy	4	15	16
<b>Total</b>	100	100	100

Those children receiving a full subsidy are nearly all from households having family income below \$50,000 (generally well below – the normal cut-off for full subsidy is \$20,000). However, about half of partial subsidies go to families earning above \$50,000 annually. Those families refused subsidy are typically from higher income families. Similarly, those families who did not apply for subsidy or did not know about it are typically from higher income families.

**Table 12**

**Subsidy Status of Families in Survey by Household Income**

Subsidy	Household income			Total
	<\$50,000	\$50,000-\$100,000	\$100,000 plus	
Full subsidy	94	0	6	100
Partial subsidy	47	37	17	100
Waiting list	0	63	37	100
Refused subsidy	4	19	77	100
Not applied	2	13	84	100
Didn't know about subsidy	9	13	78	100

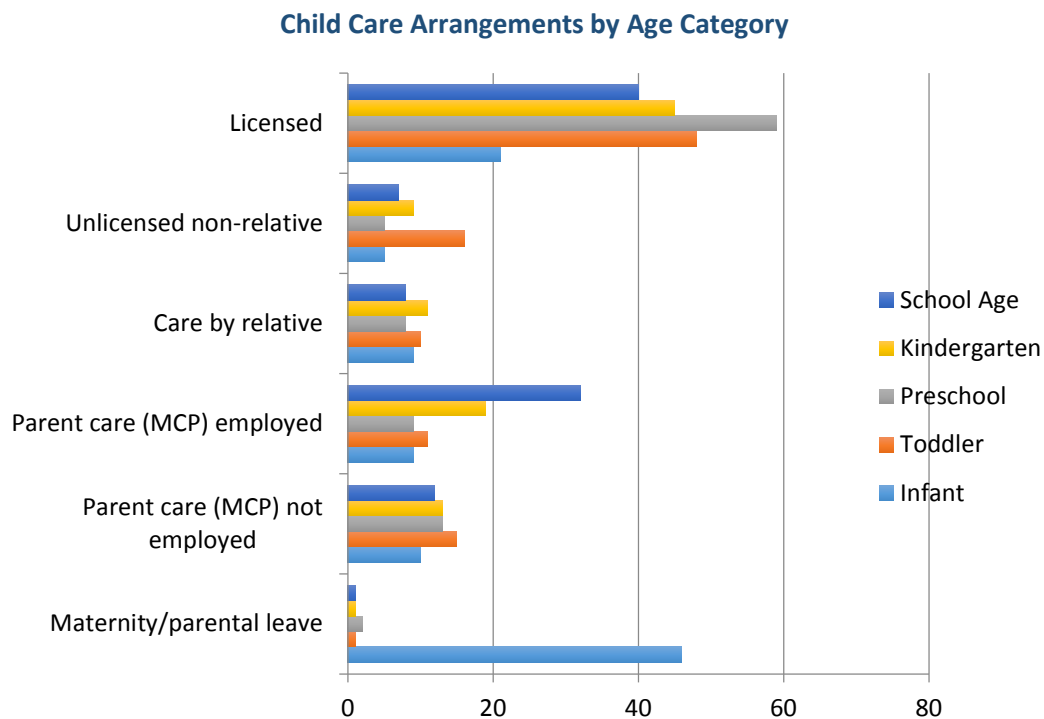
## ANALYSIS OF CHILD CARE DECISIONS

The ages of children matter a great deal to the child care and employment arrangements that families make, and for a myriad of reasons. Maternity and parental leave has a big influence for infant care. Full-day kindergarten and compulsory schooling matter a lot in arrangements for older children. As the table below shows, a minority (about 21%) of children younger than 18 months of age are in licensed care, while nearly half of infants are cared for by parents on maternity/parental leave.

Licensed care is the dominant arrangement (between 45% and 60%) at toddler, preschool and kindergarten ages, and in this sample is still very important at schoolage (6-9 years of age in our survey).

Care by parents or relatives while the main caregiving parent (MCP) works becomes much more important as children age, increasing from less than 10% at young ages to nearly 20% at kindergarten and over 30% at school age.

**Figure 6**



The table below breaks down the age pattern of child care use even more finely...by single year of child’s age. This makes it clearer that use of licensed care is infrequent in the first year of children’s lives, peaks at ages two and three and is a predominant choice up until age nine.

Unlicensed child care by a non-relative is a choice for a relatively small minority of families, as is the decision for the main caregiving parent (MCP) to not have employment (but provide care for children instead). The main alternative to licensed child care at all ages (increasing substantially from 5 years of age onwards) is parent or relative care while the main caregiving parent is employed.



Table 13

**Type of Child Care used by Respondent Families  
By Age of Child**

Age of Child	Licensed Child care	Unlicensed Child care	Care by Relative	Parent care (MCP Employed)	Parent care (MCP not Employed)	Maternity /Parental Leave
0	9	5	9		0	0
1	48	10	10	15	15	2
2	60	12	8	10	9	1
3	59	8	5	10	14	3
4	49	12	9	11	17	1
5	41	9	13	22	13	2
6	39	10	12	26	12	1
7	47	5	5	30	14	0
8	45	8	3	32	11	1
9	29	6	14	38	13	0

Child care use is very closely associated with the work status of the main caregiving parent. Of the children in the table below who are using non-parental child care, over 95% have a main caregiving parent who is employed either full-time or part-time. In addition, a considerable number of the children using parental care have a main caregiving parent who is either employed or on maternity/parental leave (and therefore planning to return to a job).

Most main caregiving parents using non-parental care (over 80% in each type of non-parental care) are in full-time employment. Even for those children being cared for by employed parents, more than 60% of these parents are employed full-time. But nearly 40% are employed part-time; part-time employment is a strong predictor of the use of parent care while parents are employed.

Figure 7

**Full-time and Part-time Employment  
By Different Type of Care Arrangement**

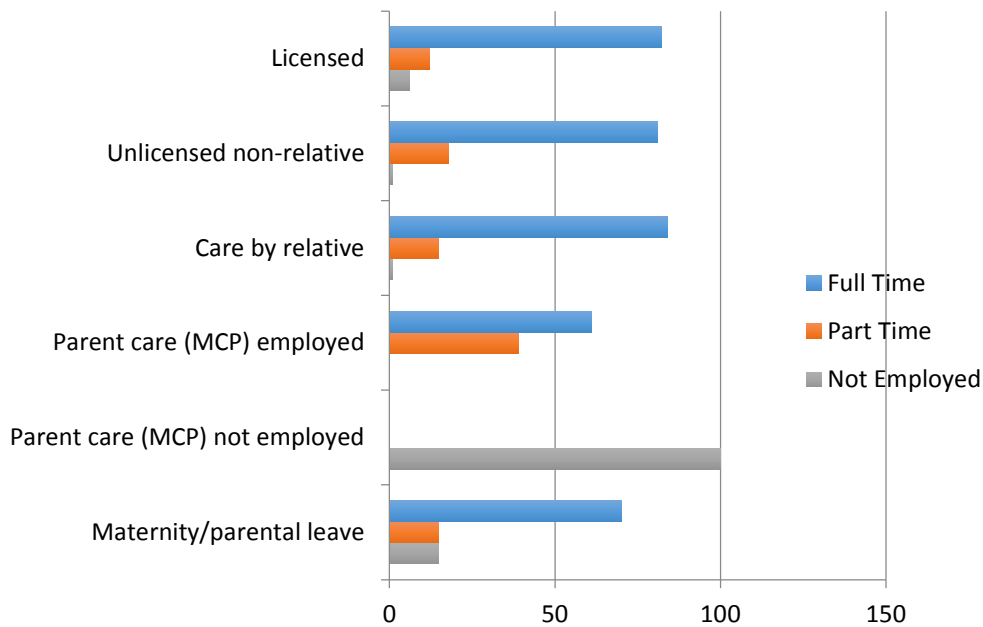


Table 14

**Care Arrangements for Children by Type of Family**

	% of each family type in each type of care arrangement					
	Licensed Child care	Unlicensed care	Relative Care	Parent care (MCP Employed)	Parent care (MCP not Employed)	Maternity/Parental Leave
Two-parent family	43	8	9	20	12	7
Sole-parent family	44	9	10	17	17	4

Perhaps surprisingly, patterns of child care use are not dramatically different for sole parent and two parent families. About 43%-44% use licensed child care, there is only moderate use of unlicensed non-relative care or care by relatives, and there is fairly substantial use (about 17%-20%) of care by parents while the main caregiving parent (MCP) is employed. Fewer children from two parent families are cared for by the parent who is not employed, but more use maternity leave, in comparison to sole parent families.

**Table 15**

**Care Arrangements for Children  
By Main Caregiving Parent's Highest Completed Level of Education  
(% of each education level)**

MCP's highest completed level of education	Licensed Child Care	Unlicensed Care	Relative Care	Parent Care (MCP Employed)	Parent Care (MCP not employed)	Maternity/Parental Leave	Total
High School or Less	19	9	12	21	40	1	100
College or Equivalent	41	3	7	29	14	6	100
Bachelors Degree	46	10	11	17	9	8	100
Post Graduate	48	12	7	16	10	6	100

The table above shows that child care choices appear to be related to the main caregiving parent's education level. At lower levels of education, there is much less use of licensed child care, and the main caregiving parent is much more likely not to be employed. The use of licensed child care rises with education and the probability of not being employed falls. Of course, the main caregiving parent's potential earnings in employment are strongly related to her education, so the relationship between education and child care/employment decisions could alternatively be viewed as a relationship between her potential earnings and child care/employment

The next table shows the relationship between immigrant status of the main caregiving parent and child care and employment decisions. Canadian-born main caregiving parents and those main caregiving parents born in another country who have been in Canada for over 10 years are fairly similar. The decision to not be employed is made by only a small proportion of these families, and licensed child care is the dominant arrangement for the youngest child. Parent care while the main caregiving parent is employed is used by about 20% of these families. Families in which the main caregiving parent immigrated to Canada relatively recently (ten years ago or less) are less likely to use licensed child care and are quite likely to have the main caregiving parent not employed in a paying job (obviously it might be difficult for new immigrant families to find employment).

Table 16

**Type of Child Care Arrangements made by Families in Survey  
by Immigration Status**

Immigrant or Canadian-born status of main care-giving parent	Licensed Child Care	Unlicensed Care	Relative Care	Parent Care (MCP Employed)	Parent Care (MCP not Employed)	Maternity /Parental Leave	Total
Immigrated <5 yrs ago	38	0	5	14	43	0	100
Immigrated 5-10 yrs ago	32	4	0	26	32	6	100
Immigrated >10 years ago	42	8	13	22	13	2	100
Canadian born	45	9	8	19	11	8	100

Another way of viewing child care and employment decisions is according to ethnic/cultural/visible minority background. The next table shows this breakdown. Families who are not from a visible minority background or families from Chinese, Korean, Japanese, African, Latin American or Caribbean backgrounds are very likely (over 40% of children) to use licensed care. However, families from South or West Asian, or Southeast Asian or Filipino backgrounds are much less likely to use licensed care, and instead rely on either parent or relative care while the main caregiving parent is employed or rely on the non-employment of the main caregiving parent. Aboriginal families are also less likely to use licensed care, but the number of respondents is too small to have confidence in this inference.

Table 17

**The Cultural/Ethnic Backgrounds of Families in the Survey  
and their Child Care Arrangements (% of Cultural/Ethnic Group)**

Cultural Ethnic Background	Licensed Child Care	Unlicensed Care	Relative Care	Parent Care (MCP Employed)	Parent Care (MCP not Employed)	Maternity /Parental Leave	Total
Not a visible minority	46	10	8	18	11	7	100
South Asian, West Asian	29	7	9	20	31	5	100
Southeast Asian, Filipino	17	0	13	42	17	13	100
Chinese, Korean, Japan	41	14	5	27	0	14	100
African/Latin American	45	4	15	23	9	4	100
Aboriginal	33	0	0	50	0	17	100
Other or not stated	46	10	12	15	15	2	100

The relationship between main caregiving parent's income and child care and employment decisions is naturally of interest. Of course, the causality works both ways in this case. Main caregiving parents who are employed will have higher annual incomes, but it is also true that the potential to earn a high income will make it less likely that an MCP is not employed. In any case, main caregiving parents with relatively low annual income are much more likely to be not employed, in comparison to those with higher incomes. And, only about 30% of children in families in which the main caregiving parent earns less than \$50,000 annually will use licensed child care, whereas over one-half of children in families in which the main caregiving parent earns \$50,000 or more will use licensed child care. Unlicensed care by a non-relative becomes more important at higher income levels (e.g., nannies).

Table 18

**Type of Child Care Arrangements used by Survey Families  
By Gross Personal Income of Main Caregiving Parent (% of income group)**

Gross Personal Income of MCP over last 12 months	Licensed Child Care	Unlicensed Care	Relative Care	Parent Care (MCP Employed)	Parent Care (MCP not Employed)	Maternity /Parental Leave	Total
<\$50,000	29	4	6	30	24	7	100
\$50k - \$100k	56	9	13	11	2	9	100
\$100k plus	55	19	7	14	2	2	100

The table below extends this analysis to look at total household income. Again, there is a strong relationship between household income and child care and employment decisions. Again, the causal direction of these relationships is complicated and bi-directional. As noted above, the decision to use licensed child care or unlicensed paid care by a non-relative is associated with the main caregiving parent being in full-time employment. The decision to use parent or relative care while the main caregiving parent is employed is typically associated with the main caregiving parent being in part-time employment (and therefore earning less). Of course, the decision (or unfortunate circumstance) to not be employed is associated with zero employment earnings for the main caregiving parent.

As a result of all these influences, use of licensed child care is clearly related to household income, increasing as household income increases. The same is true of unlicensed care by a non-relative. Non-employment for the main caregiving parent is negatively related to household income; the higher the household income, the less likely the main caregiving parent is to be not employed. Parent or relative care while the main caregiving parent works is least likely to be associated with high household income, but is an important child care/employment strategy for households with middle incomes (over 42% of them).

**Table 19**

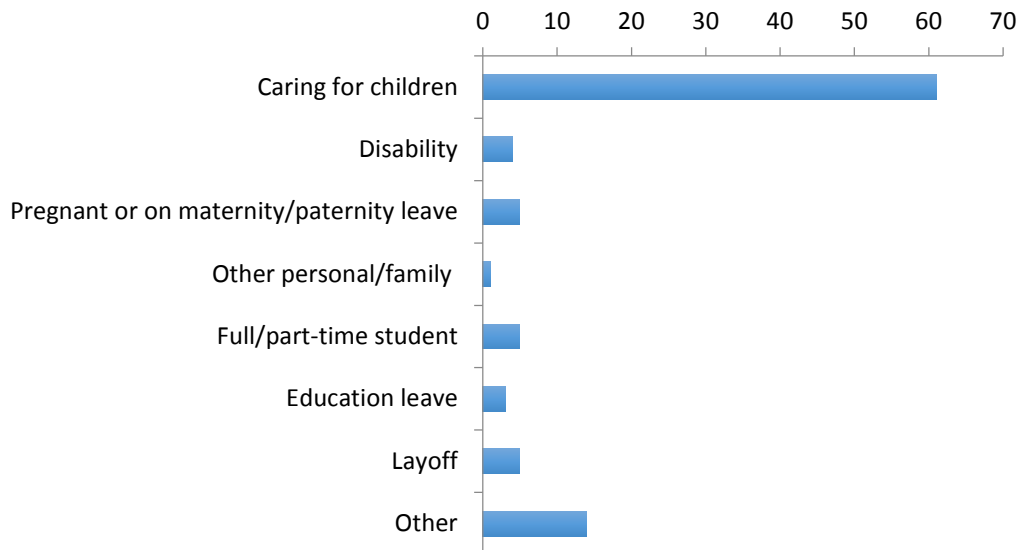
**Type of Child Care Arrangements used by Survey Families  
By Gross Household Income (% of income group)**

Household Income over last 12 months	Licensed Child care	Unlicensed Care	Relative Care	Parent Care (MCP Employed)	Parent Care (MCP Employed)	Maternity/ Parental Leave	Total
<\$50,000	32	2	3	29	26	8	100
\$50,000-\$100,000	29	2	16	29	20	4	100
\$100,000 plus	50	13	8	15	7	7	100

The table below provides some indication why some main caregiving parent are not employment. Caring for children is the main reason. 60% of main caregiving parents cite care of children as the primary reason, but main caregiving parent’s disability, maternity leave, attending school, layoff from work and other reasons explain non-employment for other main caregiving parents.

**Figure 8**

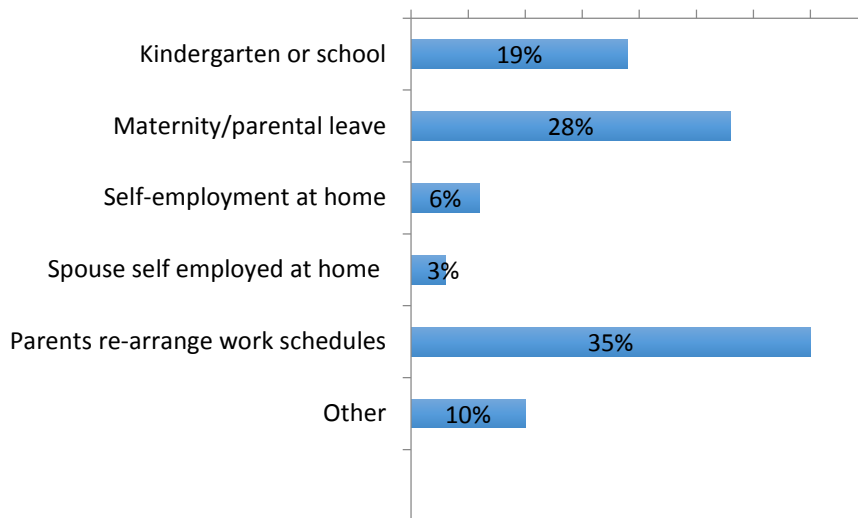
**Reason why Survey Family Members Are not Working**



Another topic of some interest is how it is possible for some main caregiving parents to combine employment with not having any regular non-parental child care arrangement for their youngest child. We have already seen that parent or relative care while the main caregiving parent is employed is typically associated with part-time employment rather than full-time. In addition, the table below provides more light on this subject. In 19% of cases, the youngest child is in full-day kindergarten or school leaving a smaller amount of time to be covered by the main caregiving parent. In 28% of cases, the main caregiving parent is on maternity/parental leave, so has a job but also has time to provide care. In about 8% of cases, either the main caregiving parent or her spouse is self-employed at home and able to provide care. In just over one-third of cases, the balancing act of employment and parental child care is resolved by parents re-arranging work schedules so that one is always available to provide the parental care needed.

**Figure 9**

**How Employed Parents Arrange Care for Children When They Do Not Use Any Regular Child Care Arrangement (% using each strategy)**



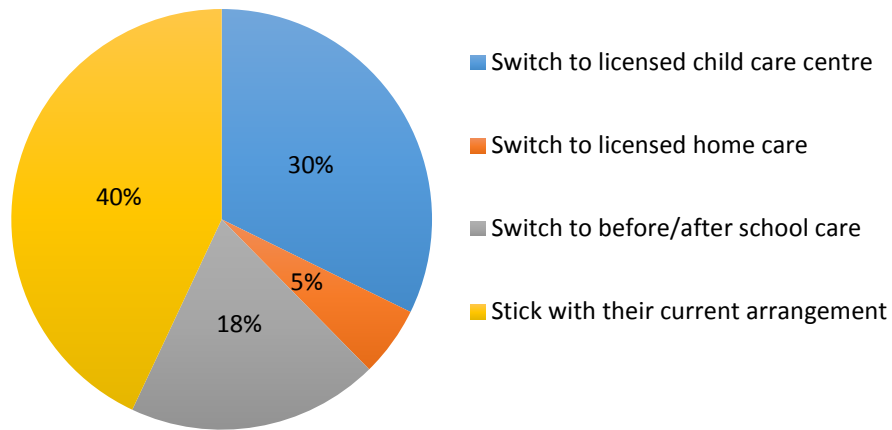
A strong theme that emerges from the survey results is how important licensed child care is to many families. Two questions were asked to test the sensitivity of licensed child care decisions to changes in the cost of this care. The two tables below show the results.

Parents who are not currently using licensed child care were asked, if licensed care were 50% cheaper than it is currently, whether they would switch to some form of licensed care. In 60% of cases, families would be willing to switch to licensed care if it was much more affordable.



**Figure 10**

**What surveyed families would do if licensed child care was 50% cheaper**



Conversely, parents who currently use licensed child care were asked what would happen if the fee for licensed child care was 25% more expensive than currently. Over half would continue using licensed care. Over one-quarter would switch to another type of child care, and nearly 10% would leave employment to provide care for their own child at home.

**Table 20**

**What surveyed families would do if licensed child care was 25% more expensive**

Would you continue using licensed care if it were 25% more expensive?	%
Continue using licensed care	57
Find other child care	29
Leave job and take care of child all the time	9
Other	4
<b>Total</b>	<b>100</b>