

What's next for early learning and child care in Ontario?

What we know, what we don't

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Post-election landscape – Min of Ed.

- Minister of Education, Lisa Thompson, 3 term MPP, represents rural riding of Huron-Bruce.
- Departure of previous deputy minister, Bruce Rodrigues. New DM is Nancy Naylor.
- Mandate letters not released.

Change in government's approach

- More centralized power in the Premier's office
- Less consultation, more unpredictable
- Funding cuts expected, especially in first 18 months.

August memos

- Removal of the For-Profit Maximum Percentage Threshold;
- Proration of Year 2 Expansion Funding;
- Changes to wage enhancement grant and fee stabilization;
- Aim to *"support more choice for families, remove barriers to expansion in communities, and reduce red tape and administrative burden."*

What was the For-Profit Maximum Percentage Threshold?

- Put in place 2 years ago
- 2018 funding guidelines:

Prioritization of the Non-Profit Child Care Sector

The ministry is taking steps to further prioritize provincial funding to the non-profit child care sector, and support the effective use of ministry funding, by working closely with CMSMs and DSSABs to maintain funding allocated to for-profit child care at current levels. A For Profit Maximum Percentage Threshold has been added to the Budget Schedule of the service agreement to support CMSM and DSSABs with maintaining existing maximum expenditure levels to for-profit entities. The threshold was determined based on 2015 expenditures that each CMSM and DSSAB directed towards for-profit programs. CMSMs and DSSABs may revise the threshold in their service agreement to

Conflicting reasons for Threshold's removal

- Ministry's reason: CMSMs and DSSABs with large numbers of for-profits had difficulty spending all of the expansion funding, especially subsidy funding.
- Minister's reason: "We're respecting parents and their need to have choice.... We had a previous administration that was choosing who and where parents had to take their children for daycare.... The nanny state of the previous administration was proven not to work. It's not efficient, it's not effective, and it's not good for Ontario families."
- What we also know: heavy lobbying by large for-profit chains against putting the Threshold in place. New lobbyist registrations by corporate chain post-election.

Potential impact of Threshold's removal

- Expansion of large for-profit chains
 - Already looking to expand in Ontario.
 - Potential of accessing public funds makes expansion far more attractive.

Lessons for Australia

- Corporate expansion can be rapid;
- Didn't expand where families were in most need, rather preferred thick markets;
- Predatory expansion – buying competitors or shutting them down;
- As they increase in size, they wield ever greater influence – lobbied for decreased regulation, against parental leave.
- Used increased public funds and still raised parent fees, decreased wages.

The quality difference

- Decades of research that shows quality differences even when access to funding and regulation environment are the same.
- Recent study of corporate care in Alberta: licensing non-compliance 4 times higher in corporate child care vs non-profit; twice as many critical incidents; twice as many licensing visits (Richardson, 2017) .
- More likely to have accreditation.
- Does the quality argument resonate with parents or the public?

Change to expansion funding

- Proration was due to funding being frozen at election time. What would have been subsidy funding for May-Dec, now only Sept-Dec.
- Reduction from \$48 million to \$25.3 million from 2018 allocations
- Ministry publicly stated this was “not a permanent proration”, but when asked if this funding will continue, response is “all expansion funding is subject to the budget cycle.”

Other past Ministry commitments

- *Affordable for All* recommendations
- Workforce strategy: Continuation of wage enhancement until implementation of wage grid by April 2020

New government priorities

- Efficiencies, cost saving and deficit reduction
- Implementing rebate
 - \$6,750 per child under the age of 15
 - (Under)estimated cost of \$389 million

Discussion

- Challenges
- Opportunities