



**Briefing Note re: Bill C-35
An Act Respecting
Early Learning and Child Care in Canada**

January 2023



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About ADCO

The Association of Day Care Operators of Ontario is the industry association for licensed child care programs in Ontario, both commercial and not-for-profit.

ADCO members include licensed child care centres, home child care agencies, Montessori schools, nursery schools, preschools, private schools and school-age programs.

ADCO provides a forum for the owners, managers and boards of these organizations to work together to maintain and improve child care quality, and expand the range of licensed child care choices available to Ontario families.

Vision:

ADCO envisions a strong, independent licensed child care sector that offers Ontario families choice in selecting high quality educational care.

ADCO supports a national child care program

ADCO is in favour of a national child care program that either provides funds directly to parents, or allows Provinces to do so. It is therefore important that Bill C-35 be considered from the perspective of ensuring that the CWELCC is flexible enough to allow for this in the future. Such flexibility would better support parents and children in a number of ways, including helping maintain parents' ability to select the child care of their choosing, and increasing the share of federal funds that can actually be used by families, rather than being tied up in provincial/municipal bureaucracy. Further thought could also be given to how to better integrate the CWELCC program with existing fee subsidy programs, which typically use a means test to ensure that high income families do not monopolize low-cost child care spaces. The program could even take the form of tax credits or direct payments to parents. [Scotiabank CEO Brian Porter also recommends this type of approach.](#)



Background on the early learning and child care sector in Ontario

The Ontario Ministry of Education is responsible for the funding, licensing and regulation of child care. Under the Child Care and Early Years Act, the Ministry of Education ensures that all licensed child care centres adhere to the same basic standards regarding safety, cleanliness, group sizes, staff/child ratios, nutrition, etc. Licensed child care centres may be run as small or large businesses, as not-for-profits, or be owned and operated by municipal governments.

Ontario's 47 municipal governments are responsible for managing the licensed child care system in their jurisdictions. Prior to the signing of the Canada-Wide Early Learning and Child Care Agreement (CWELCC) in March of 2022, they received taxpayer funding in excess of \$2 billion per year. Provincial guidelines were very loose in dictating how these funds were allocated. This lack of accountability has continued under the CWELCC, but now ever more taxpayer dollars are at stake and municipalities seem to have been given new discretionary powers over how child care licensees run their programs.

Prior to the CWELCC, some municipalities allocated close to 30% of the taxpayer funds they received on administrative overhead. This often included wasteful and redundant "quality assurance" programs that replicated existing Provincial licensing standards. Not only has this continued under the CWELCC, it has been compounded by the increased paperwork and data collection requirements outlined in the Federal Agreement. This has a negative impact on child care quality, in that every time there are additional paperwork burdens placed on child care centres by any level of government, it reduces the amount of time early childhood educators have to spend with the children in their care.

Ontario's child care sector has been afflicted by a severe staffing shortage since the roll-out of the Provincial government's "full-day kindergarten" program (FDK) over a decade ago. Its introduction caused a mass migration of Early Childhood Educators (ECEs) from licensed child care centres to the public school system. Over 1,000 licensed centres closed in the first five years of the FDK roll-out. These staffing shortages have never been addressed, as successive governments have only ever been willing to consider wages and working conditions as potential solutions, despite the fact that there are many other policy options that could make a meaningful and rapid difference to the current staffing crisis. As it stands, Ontario does not have enough ECEs to keep all of its existing licensed child care programs running at full capacity, let alone to staff the expanded number of the spaces the CWELCC has mandated. Further, it seems as if there are so many conditions on the CWELCC funding aimed at addressing the staffing issues, there is little reason to believe the situation will improve anytime soon.

The most positive development in Ontario's child care sector in recent history occurred in April of 2019, when the Ford government introduced the CARE Tax Credit. This credit is a demand-side funding solution that puts parents in the driver's seat. Depending on your income, you can receive a tax credit for up to 75% of your receipted child care expenses up to \$6,000 per child under age seven.



Some current challenges with the CWELCC program

Capacity—As it stands, it seems unlikely that the current iteration of the CWELCC will be able to significantly increase licensed child care capacity in Canada. The emphasis in the current provincial Agreements seems to be on expanding the public and “not-for-profit” institutional sectors, rather than on expanding the licensed child care sector more generally. The reality is that Canada needs all of the licensed child care it can get to serve its expanding population. Child care entrepreneurs can play a vital role in expanding access to licensed child care. Parental choice requires a balanced mix of public sector facilities, large and small commercial centres, as well as those run by not-for-profit and charitable organizations.

Staffing—Most provinces have such a shortage of suitably qualified early childhood education staff that they will not be able to meet their expansion targets under their existing CWELCC agreement. This is especially the case in rural and Northern communities. Not only do there need to be more ECE diploma programs made available in provinces, these programs need to offer more flexible and affordable options so that more individuals can achieve their ECE designation. Additionally, federal and provincial action is needed to increase the number of individuals with international credentials in ECE that come to Canada, and to recognize the equivalency of their credentials so that they can quickly start working in the sector. Engaging other suitably qualified individuals, such as Montessori teachers, could also help expand access to high quality licensed child care services.

Lack of Inclusivity—The current iteration of the CWELCC does not recognize the key role female entrepreneurs have played in the creation and development of Canada’s early learning and child care sector. In fact, in many ways it seems aimed at excluding them from being part of its future, by replacing their enterprises with government-directed facilities. By not embracing child care entrepreneurs, the current iteration of the CWELCC also makes it harder for BIPOC and other diverse communities to see themselves reflected in the ownership and leadership of licensed child care services. This limits the ability of the Canada’s early learning and child care programs to change and evolve in response to increasingly diverse community needs. It also runs counter to the well-documented international trend toward greater pluralism in education.

Potential for Corruption and Waste—The WE Charity scandal rocked the nation due to the lack of transparency and accountability built into the Canada Student Summer Grant Program. This program was undertaken in haste, to address priority issues emerging as a result of the pandemic. The CWELCC also finds its roots in the pandemic. The speed of its execution, the complexity of its implementation and the sheer magnitude of the expenditure may leave the CWELCC vulnerable to corruption and waste.



Recommendations

- 1) Make the bill more inclusive by deleting the reference to “public and not-for-profit child care providers” in section 7) 1) a) of the Guiding Principles articulated in the Funding section.

Section 7) 1) a) of the Guiding Principles articulated in the Funding section of Bill C-35 should be amended to read:

(a) facilitate access to early learning and child care programs and services that meet standards set by provincial governments or Indigenous governing bodies and respond to the varying needs of children and families;

- 2) Recognize and honour the vital role female entrepreneurs have played as founders, innovators and champions of the nation’s licensed child care sector and invite future generations of female entrepreneurs to invest their skills and talents in contributing to this proud legacy. Making the suggested amendment above is one way of doing this, but some additional text could also be added to the Purpose and Declaration section. Specifically, section 6) d) could be amended to read:

(d) it is important for the Government of Canada to cooperate, collaborate and work in partnership with the provinces, Indigenous peoples, and female entrepreneurs to support them in their efforts to provide those programs and services;

- 3) Consider an addition to the Bill that provides some guidance to Advisory Council members about avoiding potential conflicts of interest or the appearance of impropriety arising from their involvement on the Council. Specifically, it may be wise to restrict Council members from consulting work related to provincial or community child care plans, or expansions of specific child care enterprises that would be funded through the CWELCC. Advisory Council members may also require guidance about avoiding any paid consulting or volunteer work related to political parties or candidates during their term on the Council.

It may be appropriate for the Bill to be more specific about the composition of the Advisory Council with respect to regional representation, as well as representation by female entrepreneurs and those involved in the direct delivery of licensed child care services.