

Bill 47 The Early Learning and Child Care Act

April 15, 2021



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Bill 47, *The Early Learning and Child Care Act*, proposes profound changes to Manitoba's early learning and child care (ELCC) system. As Manitoba's central labour body, with 30 affiliated unions representing over 100,000 public sector and private sector workers in our province, the Manitoba Federation of Labour (MFL) takes a strong interest in our provincial child care system.

We know that high quality child care is good for children, and supports their healthy development. We know that affordable and accessible child care makes it easier for parents, particularly mothers, to participate in the paid labour force and is, therefore, an important gender equalizer. And we know that child care is a labour-intensive job creator, especially for women. Among the thousands of professionals in the field – the early childhood educators and child care assistants who care for our children – many belong to unions and are members of the MFL. As has often been said: everyone in Manitoba depends on someone who depends on child care.

Today, we want to raise two central objections to Bill 47. Our first concern is the privatization agenda that runs throughout the bill. Our second concern, closely related, is the threat this proposed legislation poses to the quality and affordability of early learning and child care services in our province. There is extensive research that shows that not-for-profit child care is higher quality and is a more efficient use of

public dollars. Thus, Manitoba's proposed changes fly in the face of evidence, and introduce unnecessary risks to our provincial child care system.

In our time-limited presentation, we will concentrate on privatization, affordability, and quality risks. But we would also like add that we support organizations such as the Manitoba Child Care Association and Child Care Is Essential, which identify further concerns with Bill 47, including its impacts on early childhood educator training, and other aspects of process quality.

Background:

Manitoba has a shortage of licensed early learning and child care spaces. The latest figures show that in 2019 – 2020, Manitoba had just 38,465 licensed spaces in homes and centres, to serve 202,382 children.¹ This means Manitoba has a child care space for just 19 percent of our youngsters, and that services for children aged 6 -12 years are especially under-developed, with access for just 12.1 percent of school-age children.

Most parents pay full fees, since Manitoba reports only 6,452 children received a subsidy – meaning 5 out 6 parents pay the maximum fee to enroll their child in one of the rare spaces. As one indicator of how much Manitoba needs more child care, we point out that at least 122,600 children, or more than 61 percent, have an employed

mother.ⁱⁱ If Manitoba **tripled** the supply of child care, we would still not have a space for every child with an employed mother, let alone every child who might want to use ELCC for other reasons.

Since 2018, Manitoba has received at least \$15 million per year, under the federal government's Multilateral Framework Agreement (MFA) on Early Learning and Child Care. Nationally, under the MFA, Ottawa will spend at least \$7.25 billion over 11 years, as part of a national effort to build a system of quality, accessible, affordable, flexible, and inclusive child care for all Canadians, funded through negotiated bilateral agreements with provinces. Yet Manitoba's policy approach and Bill 47 moves our province away from this vision of child care as a public good for all citizens.

Instead of beginning to lay the foundations for a public system, Manitoba is pulling in a different direction. Bill 47 suggests a dramatic "U-turn" away from non-profit child care, and will accelerate privatization, prompting the growth of more expensive and worse quality for-profit child care services.

Privatization:

For many years, Manitoba has been the envy of English-speaking Canada for its strong non-profit child care policy architecture. Manitoba's current legislation, The Community Child Care Standards Act, limits all grants of public dollars to non-profit centres and

licensed family homes: it specifies that “The Minister... may authorize grants to be paid to non-profit corporations and cooperatives which operate licensed child care centres; and to persons who operate licensed group child care homes or license family child care homes.” This means that taxpayer dollars are only used to support not-for-profit centres – which make up 95 percent of all our centres, and which supply basically 9 in every 10 spaces. A small share of licensed family homes (443 homes in 2019-2020, fewer than the year before, and slowly falling since at least 2000) are owner-operated businesses, not formally part of the ‘non-profit’ sector.

Today, a child care facility license is simply not transferable to any other person.

Manitoba’s ‘no transfer’ rule permits existing commercial child care centres to operate under existing ownership. But when that owner no longer wishes to operate their business, the operation must close down. This license policy, in combination with funding rules, has meant that there are few incentives to own or operate for-profit childcare centres – and in 2019-2020, Manitoba had just 35 commercial centres.

Under Bill 47, both of these two protections for non-profit child care would be eliminated. Bill 47 would permit any “person” to apply for a funding grant. This is a major change, couched in deceptively simple language. The owner of a for-profit centre, for example, would be eligible for taxpayer funded grants. Manitoba would suddenly create a climate in which for-profit child care centres could receive grants, and enroll subsidized children. With facility licenses available for transfer (with the

approval of the provincial director), we should anticipate mergers and acquisitions as commercial corporations seek to capitalize on new business opportunities.

We know that where there is a sizeable share of commercial owners, they try to manipulate the regulatory environment to maximize profitability. Research shows that overall, commercial programs treat quality regulations as a maximum to meet, rather than as a floor to exceed. This is a large part of why vast amounts of research concludes that quality in commercial child care centres is lower than in non-profit programs.ⁱⁱⁱ

Now to be clear: Bill 47 does not promise to fund for-profit child care centres. It simply makes it possible for the first time in Manitoba history for commercial centres to be funded. And to transfer licenses. We have seen what happens in long-term care when decision-makers work under the mistaken confidence that for-profits and not-for-profits meet the same regulations and requirements. Under COVID-19, this confidence has been deadly. Seniors have died at much greater rates in for-profit long term care, even though the 'rules' are supposed to be the same. Do we want to expose our children to the risks of profit motives in child care? The MFL says no.

Commercial child care would get a special deal, too. Past Manitoba governments have been wise enough to know that sometimes things go wrong, and that government has to have power to step in and operate a service if the board or management are unable

to do so. This is covered in the provisions of Section 8 of Bill 47, on “Provisional Administrator.” But Part 8 of Bill 47 only covers provisional administration in non-profit corporations. This means that where the province has suspended or cancelled a license for any breach of quality, safety, or other reason, a provisional administrator can be appointed to run a non-profit facility. But not in a commercial child care centre – a protected special class, beyond the reach of public oversight. A parent can count on their for-profit centre continuing to operate, but could not count on the same for a commercial child care centre.

By permitting commercial child care centres to receive funding, the province is proposing to permit taxpayer dollars to subsidize private profits. Through government operating grants, a private child care owner could build a business, pay the mortgage to own a piece of property, defray staff costs -- all while charging parents higher fees. The same pot of Manitoba dollars would have to go further, meaning less money for the existing non-profit child care system. And some of those dollars would leave children and the child care facility to land in the bank account of private owners. This is weak stewardship of public dollars and bad policy for our children and families

Quality and affordability of early learning and child:

Outside of Quebec, Manitoba has historically had the lowest child care fees in Canada, most of the time. Even a low fee can be too expensive for a low-income family,^{iv} but

Manitoba's fee structure has been reliable. Until recently, under existing legislation, the practice has been that the maximum daily fee has been applied to all non-profit facilities. In recent years, this policy has cracked and some non-profits have begun charging higher rates to parents – largely because their operating funding from the Manitoba government has been – shamefully - frozen since 2016.

A new CCPA study on child care fees in Canada has discovered a major price gap in Manitoba between non-profit child care and the stock of commercial child care.^v The researchers report that parent fees are 2.6 times higher in Winnipeg's commercial centres compared to fees in non-profit child care. In fact, in virtually every city in the cross-Canada study, parent fees are higher in the for-profit sector than in the not-for-profit child care sector.

In light of research that Manitoba's fees are higher in commercial child care – like everywhere else across the country – the MFL is deeply concerned about affordability. As Manitoba's 'flat maximum fee' policy breaks down under provincial austerity, sky-high fees in commercial child care fees are 100 per cent predictable. It is clear that Manitoba parents and children will be hurt if commercial child care expands.

In addition to squeezing higher fees from parents of young children, commercial childcare tends to pay lower wages to early childhood educators, failing to value their important work and leading to even higher rates of staff turnover. High staff turnover

and lower rates of trained educators are, in turn, a recipe for poorer quality for children and their families. If we believe that the work of early childhood educators is a vital public service – and the MFL certainly does – then we should not allow wages and quality to be suppressed by a market-based system and over-reliance on parent fees. Vital public services should be supported with vital public funding.

There are other concerns about affordability and quality lurking in Bill 47. One of them is that the text of the bill reads that “eligible parents may directly receive financial assistance to assist them in obtaining early learning and child care services,” with no requirement that these public dollars be spent in regulated licensed services. The proposed legislation clearly permits money to be given directly to parents if the parent is unable to access licensed care (see Section 36(2)(b)). Most Manitobans cannot access licensed care because we have too few child care services. Under Bill 47, Mr. Pallister’s government will permit cash to go to parents, to buy babysitting in the gray market of unlicensed services. This does nothing to solve families’ needs for affordable, reliable, quality early learning and child care services.

What is the real solution to the child care crisis?

Bill 47 will make child care worse for our province, rather than better. And now is the time to move forward, not backwards. It is clearer than ever that child care is essential infrastructure that helps to make the economy, as well as families, function well and

fairly, and supports greater access to paid employment for women. We need to grow child care services, improve their quality, support early childhood educators, and make sure that all families have access to affordable, responsive, and equitable child care where and when they need it.

The COVID-19 pandemic has produced a nearly universal view that our economic recovery depends on building an affordable, universal quality child care system. We should be pulling in the same direction to build a universal child care system that works for the 21st century. For the same reasons that we support public education and public health, we need to support public early learning and child care, as a public good. Manitoba should not be betting – against all evidence – that the private market of commercial child care businesses can meet our needs.

The MFL opposes Bill 47, and rejects its privatization agenda, because it will be bad for children and families in our province. What Manitobans need and deserve is a quality, affordable, publicly-supported universal child care system.

AR.USW9074

ⁱ Government of Manitoba. (2020). *Annual Report, 2019-2020, Manitoba Families*. page. 88.

ⁱⁱ Friendly, Martha, Feltham, Laura, Mohamed, Sophia, Nguyen, Ngoc Tho, Vickerson, Rachel, & Forer, Barry. (2020). *Early Childhood Education and Care in Canada 2019*. Toronto: Childcare Resource and Research Unit, page 90.

ⁱⁱⁱ For a small sample of research, see: Cleveland, Gordon, & Krashinsky, Michael. (2005). *The Quality Gap: A Study of Nonprofit and Commercial Childcare Centres in Canada*; Lloyd, Eva, & Penn, Helen (Eds.). (2013). *Childcare Markets: Can They Deliver An Equitable Service?* Bristol: Policy Press, Prentice, Susan. (2000). *The Business of Child Care: The Issue of Auspice*. In Larry Prochner & Nina Howe (Eds.), *Early Childhood Care and Education in Canada: Past, Present and Future* (pp. 273 - 289). Vancouver: University of British Columbia Press.

^{iv} Prentice, Susan, & Stevens, Harvey. (2020, August 8). Child Care Becoming Unaffordable for Many. *Winnipeg Free Press*. Retrieved from <https://www.winnipegfreepress.com/opinion/analysis/child-care-becoming-unaffordable-for-many-572062372.html>

^v Macdonald, David, & Friendly, Martha. (2021). *Sounding the Alarm: COVID-19's Impact on Canada's Precarious Child Care Sector*. Retrieved from Toronto: <https://www.policyalternatives.ca/TheAlarm>