

WORKING PAPER 14: HOW TO PROVIDE MORE APPROPRIATE CHILDCARE*†

1. Key challenge & overview

People in precarious employment have more difficulty accessing appropriate childcare.

Access to childcare allows parents to have and raise children and be part of the workforce at the same time. This is not just about choice, but about need as well. For most families, our current labour market requires that both parents work in order to make ends meet. Those in precarious employment can have different childcare needs from those in secure employment. For example, those in precarious employment may need child care that is on call or flexible. Maternity and parental leave is also part of this issue – it reduces the need for other forms of childcare, and subsidizes child care by a parent during the first year of a baby's life. **Thus, policy options focus on expanding access to child care or parental leave in general and in particular for those in precarious employment.**

2. Evidence from PEPSO

PEPSO's *It's More than Poverty* report[‡] indicates that access to childcare is a challenge for those in precarious employment. In the Greater Toronto and Hamilton Area (GTHA), more than a quarter of low (28%) and (25%) middle-income households that experience employment insecurity reported difficulty accessing appropriate childcare. In contrast, only 9% of securely employed, low-income households and 14% of securely employed, middle-income households reported difficulty.

Statistics Canada research indicates that not all mothers with young children are eligible for maternity or parental benefits through Employment Insurance. In 2012, 78% of mothers with a child under the age of 12 months had employment that was insurable under Employment Insurance.¹ Among these insured mothers, 88% received maternity or parental benefits through Employment Insurance, or the Quebec Parental Insurance Plan.² This means that approximately two-thirds of all mothers (67.9%) with a child up to 12 months old received special benefits, while one-third (32.1%) did not receive either maternity or parental benefits.³

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† This Policy Options Working Paper is one in a series of 16 working papers that explore the range of policy options that have been proposed to reduce or mitigate the impacts of precarious employment. Each of these papers must be read in tandem with the paper titled "PEPSO Policy Options Working Papers: Introduction". The full reference list is contained in a separate bibliography document.

‡ PEPSO's *It's More than Poverty* report refers to the report that was published in February 2013 that was based on the main survey conducted by PEPSO. In these working papers this report will be called the PEPSO report or the PEPSO survey. This is only appropriate for these working papers as there are other PEPSO reports that will be published by the six case studies.

3. Context/current situation

3.1 Childcare options

In the GTHA, families with children can access childcare through one, or a mix of the following:

- Licensed childcare
- Unlicensed childcare
- Paid or unpaid care by a relative or neighbour
- Stay at home parent
- Before or after school program

There are a number of issues that influence childcare in the GTHA. Some of these affect all families that need childcare, and some are particularly challenging for those with precarious employment and/or, who are low income. The accessibility, affordability and quality of childcare can limit the availability of childcare options for all parents. The primary issues include:

- **Access.** In Toronto, there are approximately 57,000 licensed childcare spots.⁴ This is enough for approximately 20% of the population of children aged 0-9. There are nearly 11,000 licensed childcare spots in Hamilton, which is enough for approximately 15% of the population of children aged 0-12.⁵ Access to childcare can be a particular issue for parents who require part-time, occasional, and irregular childcare.
- **Affordability.** Childcare fees in Ontario are the highest in the country.⁶ The City of Toronto provides subsidies for approximately 24,000 licensed childcare spots, covering 28% of Toronto's low-income children.⁷ A further 18,478 children were on the wait list for a subsidy in July 2013.⁸ A mid-range fee for licensed childcare in Toronto ranges from nearly \$45 per day for a pre-school aged child to more than \$77 per day for an infant.⁹ The City of Hamilton provides subsidies for approximately 3,800 licensed childcare spots, and maintains a wait list for subsidized spots.¹⁰
- **Quality.** Within the regulated, licensed child care system the Government of Ontario provides the minimum standards that must be adhered to in order for a child care centre to maintain a license to operate.¹¹ A system of provincial inspections ensures compliance.¹² Additionally, municipalities may provide a set of standards for local regulated child care centres to maintain. For example, Toronto Early Learning assesses child care centres for quality.¹³ Neither the Government of Ontario nor the Municipalities monitor unlicensed childcare, and these facilities are not required to meet provincial standards. Inspections occur only in response to complaints.¹⁴

3.2 The role of government

The city, province, and federal government all have a role to play in childcare. Recent initiatives by the City of Toronto and the Government of Ontario reflect that childcare may be a priority for these administrations.

Child benefits: There are three key child benefits that can supplement income for parents in Ontario. The first is the federal **Universal Child Care Credit**, a \$100 payment per month, per child, for parents to offset the cost of childcare. The second is the **Canada Child Tax Benefit**, a tax-free monthly income payment for parents of children under 18 years old. The Canada Child Tax Benefit has a basic benefit component that provides \$119.41 per month per child, with \$8.33 for additional children and some reductions for families with an income of more than \$43,561 per year. There is also a low-income supplement that provides \$185.08 per month for the first child, \$163.66 for the second

child, and \$155.75 for the third child. The third child benefit is the provincial **Ontario Child Benefit**, a monthly income supplement for low-income families that provides up to \$1,210 annually per child.^{§ 15}

Municipalities manage local child care systems.¹⁶ This includes establishing local policies, setting priorities, planning for and funding the system through fee subsidies, wage subsidies and other funding streams.¹⁷ The City of Toronto recently opened new early learning and childcare centres, and held summits with parents to explore their views on childcare.

The Government of Ontario is responsible for funding municipalities for child care and licensing licensed childcare, as well as general policy and programming related to children and families.¹⁸ The province provides funding to municipalities for childcare subsidies and administration. There have been a number of recent changes to childcare in Ontario, including:¹⁹

- Childcare has been moved under the purview of the Ministry of Education.
- Full-day kindergarten will be fully implemented by September 2014.
- The *Child Care Modernization Act* was introduced (December, 2013) and was developed to update the current legislative framework that regulates child care. It aims to improve oversight of unlicensed childcare, require unlicensed childcare providers to count their own children under the age of 6 within the maximum permitted, increase the number of children who can be cared for in licensed home childcare settings, and require school boards to offer before- and after-school programs where there is sufficient demand.

The Government of Canada provides funding to provinces for early childhood development, early learning and childcare through the Canada Social Transfer (CST). For 2012-2013, approximately \$1.2 billion of the CST was intended for these purposes, representing approximately 10% of the total CST.²⁰

Despite these efforts, it remains difficult to find affordable, high-quality and flexible childcare in the GTHA. The development and implementation of new policies in this area is impeded by:

- **Jurisdictional issues** – federal leadership and funding have been identified as important, but childcare is a provincial responsibility and each province has a unique approach.²¹
- **Family or society responsibility** – should resources focus on parents through subsidies or benefits, or the system itself through funding for programs and infrastructure?²² This debate reflects different ideas about whether the family should be responsible for childcare and early child development, or whether the onus is on society.²³
- **Universal and/ or targeted** – is there a need for a universal plan for early child development, as well as targeted support for families who may have specific needs, such as low-income families or newcomer families?²⁴

3.3 Parental leave

The need for childcare can be influenced by the availability, duration, and income replacement level of parental leave benefits. In Canada, eligible biological mothers can receive 15 weeks of maternity leave. Eligible adoptive or biological parents may receive 35 weeks of parental benefits. To be eligible, Canadians must have paid EI premiums and worked at least 600 hours in the past year (in contrast, the number of hours of insurable employment required to claim regular EI benefits varies from 420 -700 hours, by regional rate of unemployment, and is 910 hours for workers just entering the workforce or re-entering after a two year absence).²⁵ There is a two-week waiting period for these benefits.

[§] In July 2014, this benefit will increase to up to \$1,310 annually per child and in July 2015, the provincial government has recommended that the Ontario Child Benefit be indexed to inflation. (Ontario Ministry of Finance, 2014b).

During this leave, parents are eligible for up to 55% of average insurable weekly earnings up to a yearly maximum earnings of \$48,600. The maximum weekly amount that can be received on EI maternity leave, or parental benefits, is \$514. Families with a net yearly income of less than \$25,921 are also eligible for the EI family supplement, which may increase benefits to up to 80% of earnings. In 2008, approximately 20% of mothers who received paid maternity and/or parental leave benefits also received an employer top up.²⁶ Employer top-ups were for an average of 19 weeks and an average of \$300 per week in 2008.²⁷ Those in precarious employment are less likely to be eligible for Employment Insurance special benefits, and are less likely to have access to employer benefits such as top-ups.

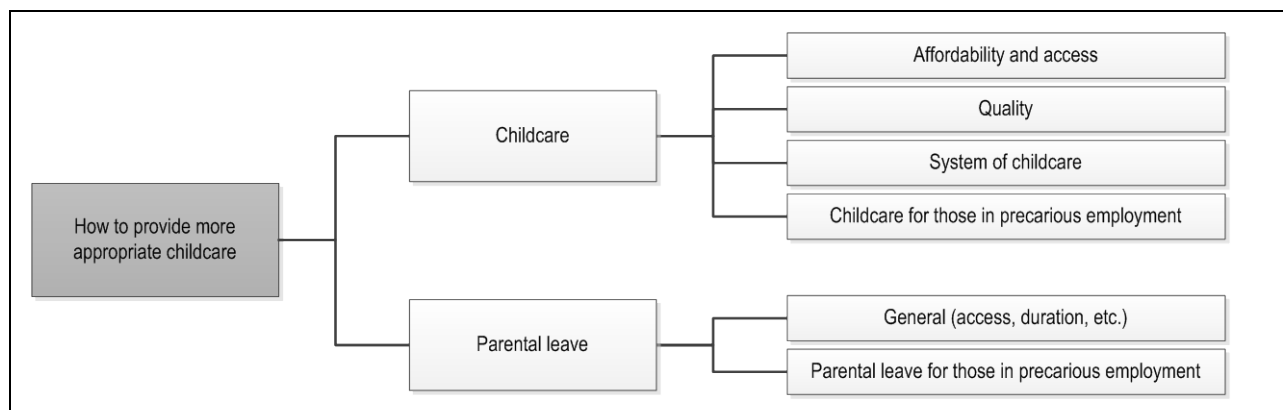
As of January, 2010, self-employed Canadians were eligible to register for EI, including special benefits.²⁸ In order to access maternity and/or parental leave benefits, self-employed individuals must make a specified minimum amount of self-employed income and pay premiums for the entire duration of their self-employed career. Research completed before these changes took place showed that self-employed mothers outside Quebec took shorter maternity and parental leaves than those who were not self-employed (29 weeks vs. 48 weeks).²⁹ As of March 2012, less than 0.5% of the 2.7 million self-employed Canadians had signed up.³⁰

Since 2006, Quebec has offered its own maternity and parental leave program, called the Quebec Parental Insurance Plan (QPIP). The Quebec plan is different in several key ways³¹:

- Parents can opt for a plan of longer duration at a lower wage replacement rate, or a plan of shorter duration and higher wage replacement rate.
- The wage replacement rate and the maximum insurable earnings are higher than EI.
- There is no waiting period.
- Eligibility is based on having made at least \$2,000 in the past year irrespective of the number of hours worked.
- Self-employed individuals are included, and this participation is mandatory.
- The program is funded through higher premiums than EI.

4. Policy options

Policy recommendations in this area generally focus on the role of government and business in improving the accessibility and affordability of childcare and/or parental leave. Many recommendations are quite general, and few specifically focus on the needs of workers in precarious jobs.



4.1 Childcare

There are a number of broad policy recommendations related to childcare that are intended to address issues of **affordability and access**. Recommendations include:

- **Increasing affordability and access to childcare**,³² including universal and accessible care (e.g. integration into schools for children aged 4-12),³³ which is in place in Chile, Finland, New Zealand, Norway, Scotland, and Sweden.³⁴
- **Targeting support** to low-income parents.³⁵
- **Instituting a ceiling on parental fees**.³⁶

Other policy options aim to improve the quality of childcare. These options include:

- **Improving childcare quality through evaluation**.³⁷
- **Focusing on the early learning benefit** of childcare³⁸ or **integrating it with the education system**.³⁹
- **Issuing a moratorium on licensing new for-profit childcare centres**.⁴⁰

Some options aim to improve the system of childcare in Canada. These options include:

- Investing in **quality and affordable childcare/ early learning on the part of businesses**, with small companies encouraged to pool resources or establish programs to improve access for their employees.⁴¹
- **Increasing funding** at all levels of government, including provincial funding⁴² or federal funding to provinces.⁴³
- **Indexing funding** for child care to inflation.⁴⁴
- Developing a strategy, system, or legislation to support a **national plan for childcare**.⁴⁵

A few policy recommendations related to childcare may have particular importance for workers in precarious jobs, since they target flexibility or the role of business. Recommendations include:

- Instituting options for **flexible childcare**⁴⁶ to accommodate full-time, part-time, irregular and/ or occasional hours,⁴⁷ as well as the needs of shift workers⁴⁸ and parents in education or training.⁴⁹
- Allowing **flexible start and finish times**⁵⁰ to enable parents/ caregivers to deliver children to school.
- **Guaranteeing the right to work part-time** for parents, or for all employees, as is the case in Germany, the Netherlands, Finland, Belgium, France, and Sweden.⁵¹
- **Legislating access to flexible arrangements**, as in the UK, where parents of young or disabled children who fulfill some length of service criteria have the right to request flexible working hours.⁵²

4.2 Parental leave

A number of broad recommendations related to parental leave have been identified that relate to **parental leave access, parental leave duration, or employer-paid parental leave**. Recommendations include:

- **Increasing access to, or enforcement of, parental leave** through Employment Insurance.⁵³
- **Extending the duration** of parental leave,⁵⁴
- **Offering options on duration (with varying benefit levels)**. For example, providing the option of parental leave for a shorter period and higher benefit levels or longer period and lower benefit levels.⁵⁵
- **Improving parental leave paid by employers** through a future leave savings account with matching employer-employee contributions.⁵⁶
- **Allowing employees to roll over and use sick days** for paid parental leave.⁵⁷
- **Providing a tax credit or start-up costs to businesses** that offer paid parental leave.⁵⁸

A few recommendations related to parental leave access **have specific relevance for workers in precarious jobs, including:**

- **Relaxing eligibility restrictions for temporary workers** (eligibility would be based on having worked 72 hours in the previous 8 weeks), which is the case in Denmark.⁵⁹
- **Supporting parental leave eligibility for seasonal agricultural workers.**⁶⁰

5. Questions for discussion

1. Which policy options in this paper could have the most impact on the lives of those in precarious employment?
2. Which policy options in this paper can we realistically move forward on, given the current political, economic, and social climates?
3. Which policy options are missing from this paper, but require attention?

6. Endnotes

¹ Statistics Canada, 2013b

² Statistics Canada, 2013b

³ Employment and Social Development Canada, 2013b

⁴ City of Toronto, 2013a

⁵ City of Hamilton, n. d.

⁶ Friendly, Halfon, Beach, & Forer, 2013

⁷ City of Toronto, 2013b

⁸ City of Toronto, 2013b

⁹ City of Toronto, 2013b

¹⁰ City of Hamilton, n. d.

¹¹ Ontario Ministry of Education, 2014

¹² Ontario Ministry of Education, 2014

¹³ City of Toronto, 2014c

¹⁴ Childcare Resource and Research Unit, 2013

¹⁵ Ontario Ministry of Children and Youth Services, 2011

¹⁶ Friendly, Halfon, Beach, & Forer, 2013

¹⁷ Friendly, Halfon, Beach, & Forer, 2013

¹⁸ Friendly, Halfon, Beach, & Forer, 2013

¹⁹ Government of Ontario, 2013a; Government of Ontario, 2013b

²⁰ Government of Canada, 2009b

²¹ McCain, Mustard, & McCuaig, 2011

²² Friendly & Prentice, 2009

²³ Canadian Coalition for the Rights of Children, 2011

²⁴ Canadian Coalition for the Rights of Children, 2011; McCain, Mustard, & McCuaig, 2011

²⁵ Service Canada, 2014a

²⁶ Statistics Canada, 2010

²⁷ Statistics Canada, 2010

²⁸ Employment and Social Development Canada, 2013b

²⁹ Statistics Canada, 2012a

³⁰ CBC, 2013

³¹ Mowat, 2011d

³² 25 in 5, 2009; Access Alliance, 2011; Canadian Policy Research Networks, 2006; CivicAction, 2011c; Broadbent Institute, 2012

³³ McCuaig, Bertrand, & Shanker, 2012; Atkinson Foundation, 2013; Breitreuz, Williamson, & Raine, 2010

³⁴ McCuaig, Bertrand, & Shanker, 2012

³⁵ McCuaig, Bertrand, & Shanker, 2012; National Poverty Center, 2012; Wellesley Institute, 2011b

³⁶ McCuaig, Bertrand, & Shanker, 2012

³⁷ McCuaig, Bertrand, & Shanker, 2012

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- ³⁸ Liberal Party of Canada, 2012; Toronto Workforce Innovation Group, 2010
- ³⁹ Liberal Party of Canada, 2012; McCuaig, Bertrand, & Shanker, 2012
- ⁴⁰ Ontario Campaign 2000, 2012;
- ⁴¹ CivicAction, 2011c
- ⁴² Ontario Campaign 2000, 2012
- ⁴³ Canadian Centre for Policy Alternatives, 2009; New Democratic Party, 2013a; Liberal Party of Canada, 2012;
- ⁴⁴ Ontario Campaign 2000, 2012
- ⁴⁵ Association of Early Childhood Educators Ontario, 2013b; Liberal Party of Canada, 2012; New Democratic Party, 2013a
- ⁴⁶ Breitkreuz, Williamson, & Raine, 2010
- ⁴⁷ Wellesley Institute, 2011b
- ⁴⁸ Ontario Campaign 2000, 2012; Wellesley Institute, 2011b; Ng et al., 2013
- ⁴⁹ McCuaig, Bertrand, & Shanker, 2012; Ontario Campaign 2000, no date; Wellesley Institute, 2011b
- ⁵⁰ Vosko, 2010
- ⁵¹ Russell, O'Connell, & McGinnity, 2009; Vosko, 2010
- ⁵² Russell, O'Connell, & McGinnity, 2009
- ⁵³ Broadbent Institute, 2012; MISWAA, 2006; New Democratic Party, 2013a; Workers' Action Centre, 2007
- ⁵⁴ Canadian Council on Social Development, 2000
- ⁵⁵ Mowat, 2011
- ⁵⁶ Institute for Women's Policy Research, 2009
- ⁵⁷ Institute for Women's Policy Research, 2009
- ⁵⁸ Institute for Women's Policy Research, 2009
- ⁵⁹ Jackson, 2006a
- ⁶⁰ Income Security Advocacy Centre, 2013a