

## Summary of KPMG Recommendations

In general, the KPMG report feels like regressive policy. It's missed the mark on identifying early learning & child care as a public good. The recommendations seem to contradict the long-standing global research and evidence on how to build systems of high-quality, affordable and accessible child care.

### RECOMMENDATION #1

**FAM should establish and implement a market steward strategy to shift its role from day-to-day manager of the ELCC system to market convener and strategic facilitator.**

This new role would include creating new capabilities around:

- Understanding and monitoring the demand for child care services
- Understanding and monitoring the supply and market that exists in Manitoba's licensed and unlicensed providers, and
- Designing and implementing mechanisms to drive the desired behaviours among existing child care providers, encourage the setup of new providers, and enable more families to access the ELCC system (i.e. manage the supply and demand)

**MCCA's Reaction:** This would relax the regulatory role of the government. This model proposes a free-flowing child care market.

This goes in the opposite direction of funding and supporting any kind of public system. When we look at other public systems like education or health care, we see supply side funding. If we are talking about the care and education of young children, then we should be looking to this type of model. One that prioritizes care. Child care in Manitoba, like the rest of Canada, is in a precarious state. We need to move towards seeing it as a public service.

There is much evidence-based research that demonstrates that these type of (demand side) funding models have failed in other countries or even within our own country if we look at other provinces.

## **RECOMMENDATION #2**

**FAM should enable a full continuum of diverse child options for more families, informed by what already exists and what else families need.**

As part of this, FAM would need to measure and monitor where the current ELCC system is able to supply these types of child care options and where there may be gaps.

**MCCA's Reaction:** Although, some flexible child care options exist in Manitoba (evening, weekends, part-time), there is likely a need for more non-traditional child care for families.

Under the Community Child Care Standards Act (Child Care Regulations) Section 37(6), there are "grants re extending operating hours". However, in order for facilities to expand their existing programs, the Province would have to commit to adequate, sustainable funding for new spaces. In addition, without a workforce strategy, facilities would undoubtedly face barriers in attracting and retaining staff.

## **RECOMMENDATION #3**

**FAM should work to encourage providers, through market steward approaches, to address known service gaps across the province.**

As part of this, FAM would need to consider licensing and funding approaches that would incentivize providers to expand the diversity in what child care services are offered, and/or expand the range of providers operating in the ELCC system to meet the unique or innovative needs of families.

**MCCA's Reaction:** see above.

#### **RECOMMENDATION #4**

**FAM should enhance its licensing arrangements to better align the administrative effort of meeting licensing requirements with the risks involved.**

Characteristics such as provider history, past quality of child care and type of child care offered should all be taken into greater consideration when considering how to approach licensing with individual providers.

The licensing requirements should be written in plain language, be readily available, and incorporate an accelerated process to facilitate rapid market responses to unmet needs such as where there are gaps in services.

**MCCA's Reaction:** There are many strengths within this system that must be protected and this includes research-based regulations and a rigorous licensing system. Alternatively, it may be logical to give facilities that are operating on provisional licenses the additional support they require to meet all licensing regulations.

#### **RECOMMENDATION #5**

**FAM should consider developing a quality framework for child care.**

Provincial quality standards for child care could apply in tandem with a licensing framework, providing FAM with an ability to guide the delivery of ELCC services.

This would involve aspects associated with 'quality in ELCC' being identified and defined under key areas. In the future, a quality framework would see providers assessed against these quality areas and used to inform changes to the ELCC system.

**MCCA's Reaction:** Manitoba's Early Learning and Child Care Curriculum Framework for Preschool Centres and Nursery Schools already exists. Facilities are expected to develop curriculum statements.

Under this recommendation there is a mention of a New Child Care Assistance Program. It is concerning to read a "parent-oriented funding approach" and "less funding would be paid in the system through operating grants". See further comments under recommendation #6.

## RECOMMENDATION #6

**FAM should implement a parent-based funding model (i.e. the Child Care Assistance Program) over the next three to five years to enable greater access for families and improve choice in child care options.**

This would require FAM to move away from its current operating grant-based funding model, and towards a model that provides assistance to families address their child care costs, enables greater access for families, and improves choice in child care options, utilizing some portion of the existing Operating Grants, Workforce and Training Supports, and Child Care Subsidy funding streams.

The proposed ELCC funding model that FAM implements should be based on the following:

- A parent-oriented funding model that consolidates operating grants, child care subsidies, and other funding streams into integrated financial assistance that can be directed by parents to providers of their choice (within certain constraints)
- A transparent and more equitable funding model that directs more funding to lower-income families to improve employment outcomes
- Increased regulated parent fees, and
- An indexation to the cost of living going forward, to deliver greater certainty in child care arrangements for parents, providers, and child care staff in the future.

FAM would need to consider the specific parameters of the funding model based on the scenario impacts analyzed through this review to be implemented, for example: regulated parent fee, income thresholds (reasonable child care out of pocket expenses), parent contributions, and timing of implementation.

FAM would also need to consider the delivery mechanisms for the new program—whether it is better delivered through subsidy (i.e. upfront payment to families) or through the taxation system (i.e. a monthly or annual rebate paid on the basis of child care costs incurred).

**MCCA's Reaction:** Moving away from the current operating grant-based funding model (which keeps fees low) and moving towards a parent-based funding model seems illogical and very troublesome.

The increased regulated fees recommended under this recommendation, provided 3 scenarios to raise average parent fees between 40%-123%. So, this would give more money to providers, but make child care less affordable for many families.

### **RECOMMENDATION #7**

**FAM should move forward with implementing a new portable benefit to supplement the new ELCC funding model.**

This additional financial assistance would be intended to support parents to access a form of child care when costs are not fully subsidized or child care needs are otherwise unmet. The portable benefit should be implemented as a payment to families for unlicensed child care, where no reasonable alternative licensed child care options exist.

**MCCA's Reaction:** This type of model is usually in the form of tax credit or vouchers, will not create and support a quality, affordable, accessible child care system nor will it regulate child care fees. Tax credits do not get indexed with inflation. In fact, a shift like this, would likely perpetuate unaffordability.

The outcome would likely be that the cost of care would both increase and vary considerably for families. Ultimately this would establish a two-tiered system and result in more so-called child care deserts. The result is that this may offer choices to some Manitoba families but not all.

### **RECOMMENDATION #8**

**FAM should reorient its operating grants to support the financial viability of individual providers who are struggling in the transition to the transformed ELCC funding model.**

FAM could also consider using this funding for specific providers who serve a rural/remote area of the province where there is limited demand but a defined need for child care.

**MCCA's Reaction:** If adequate, consistent operating funding (indexed annually to the cost of living) was funnelled to the existing programs, there would be a dramatic decrease of financial vulnerability in programs.

## RECOMMENDATION #9

**FAM should consider the establishment of additional targeted (and one-time) funding mechanisms as part of a transformed funding model to incentivize providers to address targeted and identified gaps in service.**

Funding could include a selection of grants and financial incentives to encourage new or existing providers to develop child care services to fill identified gaps in the service market (such as gaps around type or location).

**MCCA's Reaction:** This recommendation invites the private for-profit sector to provide services in our province. To be clear, some of Manitoba's existing sector (approximately 5%) is under this type of auspice and provide quality, licensed care.

What would be concerning, would be the summons of large corporate child care chains to overtake our early learning and child care system and open up chains of "McDaycares" Thanks to Dr. Heather Ashdown who shared this terminology at Bill 47 Committee!

## RECOMMENDATION #10

**FAM should implement and ELCC outcomes framework and measure and report on key indicators that help it to manage the overall ELCC system.**

An ELCC outcomes framework should include:

- Measurement of performance against transparent and agreed outcomes at population level
- Province-wide integrated reporting that monitors and reports service-level data and system outcomes, and
- Real-time understanding of the quantity, quality, nature, and type of child care being used by families.

**MCCA's Reaction:** the key indicators identified in the report are Access, Affordability, Labour Market Support, Sustainability and Quality. In all fairness, this report tries to tackle some of the persistent critical issues of early learning and child care in Manitoba.

**Last thoughts:** one of the fundamental elements missing from the recommendations is how the workforce would be supported among any transformation. The report addresses workforce shortages and the inability of facilities to be competitive in offering wages that attract and retain ECEs. Again, if we go back to the research, the evidence demonstrates that quality stems from a well-paid, educated workforce. This has to be an essential consideration to any reform.

We are on the precipice of a national child care system. Although cc falls under provincial jurisdiction, we hope that Manitoba will embrace any new federal funding and leadership. This will be critical to our social and economic recovery.