

## **Nonprofits deliver high-quality, flexible child care choices**

A briefing note to inform the expansion of Ontario's nonprofit child care system

### **Opportunity**

As investments begin to flow from different levels of government to expand a publicly funded and managed child care system, demand for spaces will rapidly increase across the province. As a result, municipal managers, who are uniquely positioned in Ontario's child care ecosystem, will grapple with how to meet demand while expanding strategically and ensuring key care principles of affordability, accessibility, high quality, and inclusion are met. These principles are strongly connected to the business model running the care service.

Nonprofits are the best partners for municipal managers to expand a licensed child care system in their communities. The sector prioritizes care rather than profit to offer a variety of flexible, high-quality child care choices to parents that do not compromise safety and working conditions. Given that municipal managers are tasked with planning, funding, administering, and in some cases operating regional child care, they can create an enabling environment for rapid yet strategic nonprofit child care expansion that meets the needs of local communities. Expanding with the nonprofit sector now will have positive cascading effects for children, parents, the child care workforce, communities, and the broader economy for years to come.

### **Context**

Over the past two years, ONN has been supporting calls for a Canada-wide child care system. Not only is child care particularly important for nonprofit workers as almost 80 per cent of the nonprofit workforce in Ontario consists of women, but also a majority of licensed child care spaces in the province are nonprofit-driven. As of March 31, 2020 in Ontario, 75 per cent of licensed child care centres were nonprofit, 79 per cent of child care spaces were in nonprofit centres, 80 per cent of licensed home child care agencies were nonprofit, and 88 per cent of approved child care homes were affiliated with nonprofits.<sup>1</sup> Moreover, good jobs in child care are a key source of employment for women. ONN has been advocating to all levels of government alongside providers, workers, advocates, and community members for limiting child care expansion to the nonprofit and public sectors, investing in support structures that will help nonprofits expand, and supporting decent work for the child care workforce.<sup>2</sup>

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<sup>1</sup> Ontario Ministry of Education. "Ontario's early Years and Child Care Annual Report 2020." 2020. <https://www.ontario.ca/page/ontarios-early-years-and-child-care-annual-report-2020#section-0>

<sup>2</sup> Ontario Nonprofit Network. "Nonprofits Deliver a Canada-Wide Child Care System." June 2021. <https://theonn.ca/wp-content/uploads/2021/06/Nonprofits-Deliver-Canada-Wide-Child-Care-System-Briefing-Note-JUNE-2021.pdf>

## Recommendations

Nonprofit child care providers are ready and willing to expand to meet the needs of Ontario's families. Municipal managers can accelerate expansion by creating an enabling environment for nonprofits with the following recommendations:

### Planning

1. **Seek out and cultivate partnerships with Indigenous-led organizations and Indigenous communities** to prioritize expanding Indigenous early learning and child care.
2. **Leverage diverse nonprofit child care providers' expertise, relationships with communities, and existing infrastructure such as network associations** at the outset to plan child care expansion.
3. **Take advantage of real estate already zoned for child care** to create community hubs that include child care spaces. For example, many church properties are going up for sale as congregations shrink.<sup>3</sup>
4. **Develop and implement a local human resource strategy** for the child care workforce to ensure there is sustainable recruitment and retention of staff to meet expansion needs. A local strategy can take into account the unique opportunities and barriers (e.g., demographics, job creation, access to post-secondary education, cost of living) of a region. It can also build on or fill gaps in the absence of a provincial or federal human resource strategy.

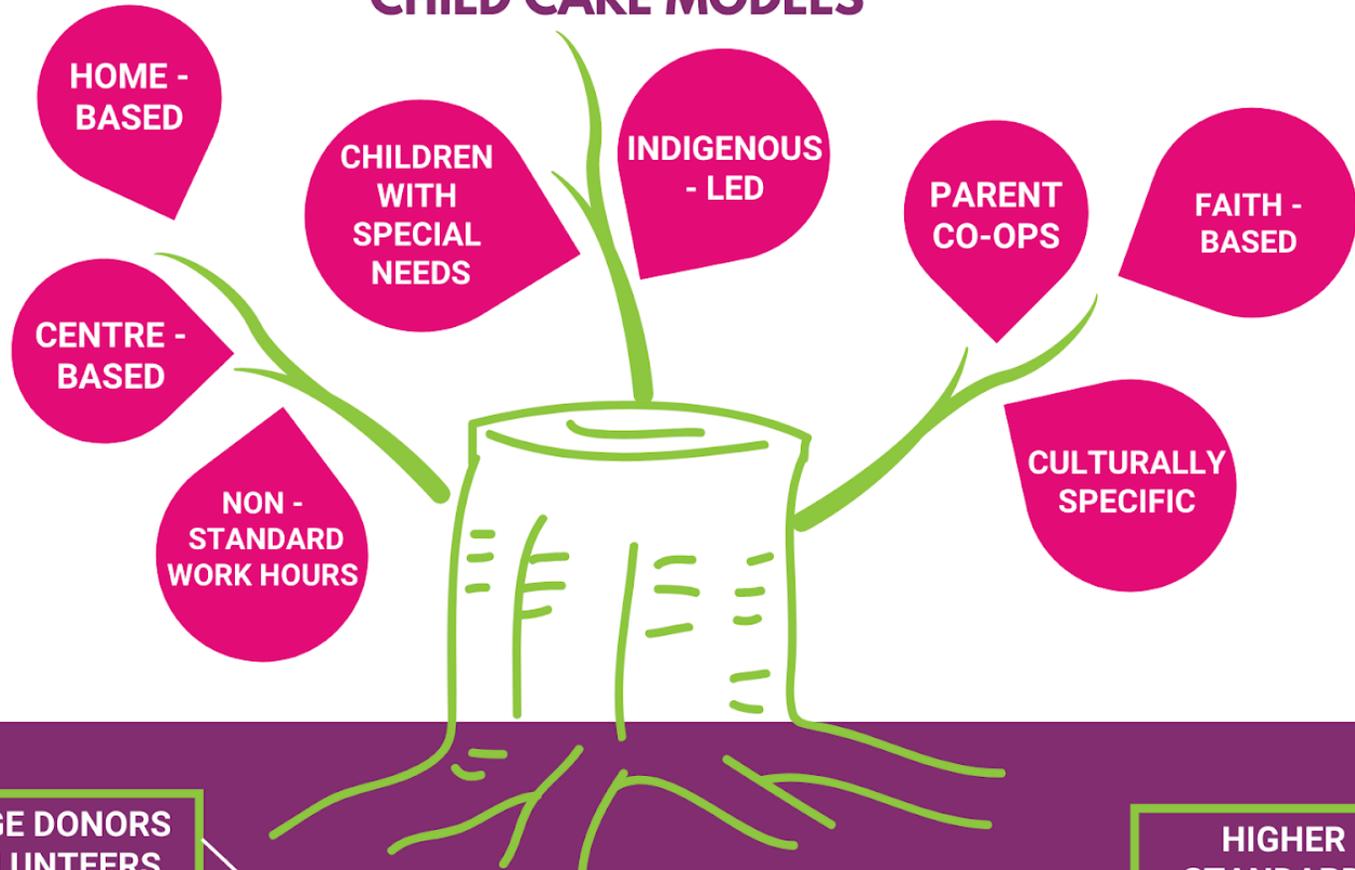
### Funding

5. **Unlock capital financing through repayable loans, loan guarantees, and/or capital grants** to help nonprofits and nonprofit co-ops purchase real estate and/or renovate and retrofit existing buildings for child care expansion. Nonprofits' and nonprofit co-ops' access to capital loans can be challenging as lenders are reluctant to lend to nonprofits with modest revenue streams and business models they may not understand, even if they are low-risk.
6. **Provide grants for nonprofits to hire professional advisory services such as** capital finance planning and economic modelling; feasibility and risk management assessments; site selection, leasing and acquisition; project management and construction; and training staff.

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<sup>3</sup> Faith and the Common Good. "No Space for Community: The Value of Faith Buildings and the Effect of Their Loss in Ontario." July 2020.  
[https://d3n8a8pro7vnm.cloudfront.net/faithcommongood/pages/838/attachments/original/1594847267/No\\_Space\\_for\\_Community-compressed.pdf?1594847267](https://d3n8a8pro7vnm.cloudfront.net/faithcommongood/pages/838/attachments/original/1594847267/No_Space_for_Community-compressed.pdf?1594847267)

# CHILD CARE MODELS



## Elements of the nonprofit business model

The nonprofit business model centres people and well-being to safeguard quality for public interest. The key elements that differentiate them from for-profit business models are:

- Nonprofit business models put mission first, not profit. Any generated profits are reinvested back into the organization rather than disseminated to shareholders. Providing programs and supports in communities is not a short-term endeavor to a longer-term financial goal, but rather to build stable systems of care and function as anchors in communities.
- Volunteer board members govern nonprofits, ensuring local community voices and needs are represented.
- Nonprofit assets are community-owned where ownership is based on community needs rather than on building a real estate portfolio, ensuring public investment in capital infrastructure remains within a community. Nonprofit assets are rarely sold. If the nonprofit is defined as a public-benefit nonprofit in Ontario, their real estate can only be transferred to another nonprofit or to government.
- Incorporated nonprofits are subject to various provincial and federal regulations and must adhere to higher standards of accountability, oversight, and transparency. This is of particular importance when using taxpayer dollars.
- Numerous studies<sup>4</sup> in Canada and other jurisdictions demonstrate how the nonprofit model delivers higher quality, more affordable, and more inclusive direct and indirect care services than for-profits.
- Nonprofits are the very few types of organizations that actively seek out partnerships with others doing similar work with the goal of collaboration and innovation to better serve communities.
- By leveraging the contributions of donors and volunteers, nonprofits provide greater value for community members and government dollars.

## Nonprofit Child Care Models

Rather than a cookie-cutter approach, the nonprofit business model can offer a variety of child care options for parents and communities while retaining its key core elements of people, well-being, and quality.

### A. Centre-based

- Stand-alone child care centres, such as [Lambton Rural Child Care](#) and [Rural Family Connections](#), are responsive to the needs of the community where they are located.
- Multi-site or federated child care centres (e.g., [Family Day Care Services](#) in the GTA, [Andrew Fleck Child Care Services](#) in Ottawa, [Compass ELCC](#) in Peterborough, and [Good Beginnings](#) in Oxford

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<sup>4</sup> ONN. "Keeping human services in community hands: Why nonprofits deliver better". 2020. [https://theonnc.ca/wp-content/uploads/2020/06/Keeping-human-services-in-community-hands\\_-\\_Why-nonprofits-deliver-better-June-2020.pdf?mc\\_cid=3272b77f3e&mc\\_eid=e798c86726](https://theonnc.ca/wp-content/uploads/2020/06/Keeping-human-services-in-community-hands_-_Why-nonprofits-deliver-better-June-2020.pdf?mc_cid=3272b77f3e&mc_eid=e798c86726); Ontario Nonprofit Network. "Not for Sale: The case for nonprofit ownership and operation of community infrastructure." 2018. [https://theonnc.ca/wp-content/uploads/2020/06/Not-for-Sale-2018-FINAL.pdf?mc\\_cid=3272b77f3e&mc\\_eid=e798c86726](https://theonnc.ca/wp-content/uploads/2020/06/Not-for-Sale-2018-FINAL.pdf?mc_cid=3272b77f3e&mc_eid=e798c86726)

County) function as a network of centres located within various communities where the main office is responsible for all HR, invoicing, grants, and daily maintenance of all programs. They can leverage their capacity to incubate smaller or unique child care initiatives as well as incubate smaller organizations.

- Child care centres can also be attached to multi-service agencies that provide a broad range of wrap-around supports and services such as sports and recreation, employment and training, settlement, and counselling programs. YWCAs and YMCAs across the province are federated models of multi-service agencies offering child care. Other examples include [Woodgreen Community Services](#) and [Rural Frontenac Community Services](#).
- In addition to day care programs, centre-based care often also offers a variety of early learning programs, programs for school-aged children, such as drop-in centres, camps, nursery school, before- and after-school care, and support for caregivers.
- Centres can operate in a variety of spaces such as schools, community or recreation centres, libraries, places of worship, and stand-alone buildings.

#### **B. Home-based or on-site**

- Home-care child care agencies, such as [London Children's Connections](#), offer only licensed home-care child care spaces.
- Home care providers can also be attached to a nonprofit child care centre which allows the providers to remain self-employed but take advantage of the knowledge and experiences of the agency.
- Home-based care is often more prevalent and/or better suited for remote or northern communities, or specifically for children with special needs. On-site child care providers like the [Network Child Care Services](#) in Toronto provide child care at events, trades shows, conferences, and conventions with a mobile team and supplies.

#### **C. Parent co-operatives<sup>5</sup>**

- A committed group of parents, families, educators, and community members will come together to form a child care co-op. There is often a common goal, community, value, or ideology that ties members together. The co-op elects a board, hires staff and educators, and leases operating space.
- Child care co-ops are member-owned and democratically run via parents through a variety of mechanisms. For instance, parents can direct the type of services the child care co-op offers through exercising their democratic rights at member meetings. They can also be involved in the governance and decision-making of the child care co-op by being elected to the board of directors. They may also volunteer at the co-op.
- Co-ops range in size from a few families to very large school-like organizations with hundreds of members.
- They can be part of larger organizations like universities or hospitals or within other co-ops like housing.
- They can be a good option for flexible workers or stay-at-home parents.
- There are [22 child care co-ops](#) in Ontario.

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<sup>5</sup> Ontario Co-operative Association. "Child Care Co-operatives."  
[https://ontario.coop/sites/default/files/SS04\\_Child%20Care%20Co-operatives%202020.pdf](https://ontario.coop/sites/default/files/SS04_Child%20Care%20Co-operatives%202020.pdf)

#### **D. Indigenous-led**

- Indigenous-led child care is rooted in Indigenous languages, knowledge, and cultures to foster strong Indigenous identity while focusing on holistic and flexible development of children and their families.
- Elders in the community and their teachings are involved in the care.
- It can be attached to a larger Indigenous-led nonprofit such as a community health centre, family service agency, or a friendship centre.<sup>6</sup>
- Examples include [Makonsag](#) in Ottawa, [Nshwaasnangong Child Care & Family Centre](#) in London, [Biinoojinsauk Child Care Centre](#) in Barrie, [Ekwaamjigenang Children's Centre](#) in Hagersville, and [Timmins Native Friendship Centre](#) in Timmins.

#### **E. Culturally specific**

- Francophone child care offers French-language and Francophone culture-based programming to foster a strong Francophone identity. Examples include the [Franco-Sol Garderie et Centre de Ressources](#) in Windsor and [The French Connection Child Care Centre](#) in Toronto.

#### **F. Faith-based**

- Religious teachings and values are embedded in programming and the care environment.
- Faith-based child care spans various religions, such as Judaism (e.g, [Gan Yeladim Daycare Centre](#) in Toronto) and Christianity (e.g, [Little Peoples Daycare](#) in Hamilton).

#### **G. Non-standard work hours<sup>7</sup>**

- Home-based child care providers like the [Jubilee Heritage Family Resources](#) in Sudbury can accommodate non-standard work hours since they are smaller and in homes as well as stand-alone centres like [Children's Place](#) in Ottawa who have dedicated resources for non-standard work hours child care spaces.
- During COVID-19, in partnership with municipalities, nonprofit child care providers, such as [YMCA of Greater Toronto](#), provided 24/7 emergency child care to essential workers through 14 programs during lockdowns.

#### **H. Children with special needs**

- Nonprofit child care providers such as the [Children's Centre](#) in Thunder Bay and [CLH Developmental Support Services](#) in Simcoe County deliver resource consultant programs in partnership with municipalities. Resource consultants with the expertise to work with children with disabilities or emotional, developmental, and behavioral challenges are paired with families. They work with the family and child care provider to support the child's inclusion or transition into licensed child care. The resource consultant also provides parenting information and workshops, connecting families to other community resources.

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<sup>6</sup> Ontario Federation of Indigenous Friendship Centres. "Response to the Development of an Indigenous Early Learning and Child Care Framework." July 2017.

<https://ofifc.org/wp-content/uploads/2020/03/2017-07-21-Indigenous-Early-Learning-and-Child-Care-Framework-Response.pdf>

<sup>7</sup> Shani Halfon and Martha Friendly. "Work around the clock: A snapshot of non-standard hours child care in Canada." September 2015.

[https://childcarecanada.org/sites/default/files/Occasional%20paper%20No.29%20%5BRevised,%20Sept%2016\).pdf](https://childcarecanada.org/sites/default/files/Occasional%20paper%20No.29%20%5BRevised,%20Sept%2016).pdf)