

'THINKING TOGETHER': A COHERENT POLICY APPROACH TO NATIONAL CHILDCARE IN CANADA

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"In Budget 2021, we will lay out a plan to provide affordable, accessible, inclusive, and high-quality child care from coast to coast to coast."

—*Prime Minister Justin Trudeau*¹

¹ December 7th, 2020 Statement by PM, on the 50th anniversary of the tabling in Parliament of the Report by the Royal Commission on the Status of Women in Canada,

TABLE OF CONTENTS

1. Introduction.....	3
2. Current Federal Government Programs & Initiatives.....	7
3. Summary of Policy Options for Universal Childcare.....	9
4. A Coherent Approach to Childcare in Canada.....	12

INTRODUCTION

The Government of Canada's September 2020 Speech from the Throne has set the stage for a renewed commitment to a Canada-wide Early Learning and Childcare system (ELCC).

Currently, Canada's early childhood education and childcare landscape is fragmented and difficult to navigate. At the centre of this complexity is that primary responsibility for education and childcare falls under provincial/territorial jurisdiction resulting in different childcare systems with unique aims and approaches across the country. Experts note that the schism between childcare and education and the private market nature of childcare is also a key driver of fragmentation. Quebec is the only province that has, since 1997 evolved a distinct low-fee, universal approach to childcare². This has enabled Quebec women to have the highest participation rate in the labour force of any province.³

Nonetheless, the federal government has positively⁴ influenced this arena using a range of policy tools and initiatives. Generally, however this has left Canadians with a patchwork of service levels, shortages of quality care and no comparable national service standards. On the flip side policy analysts suggest that, in practice, the gaps and issues experienced by parents are remarkably similar. Continuing challenges arise from insufficient funding with inadequate infrastructure and no political will to address the public/private divide.

This report highlights what the Federal government is currently doing and what it plans to do going forward. It summarizes the key policy options that stakeholders see as fundamental. And it reiterates the way forward that they are championing to restore the sector now and for the long term.

Background

Evidence shows⁵ that the lack of a high-quality universal childcare system contributes to income disparity and inequality of opportunities. Women's access to labour force participation in particular would mitigate poverty.

² K. McCuaig: "Quebec childcare began with all 4 year olds and full time kindergarten for 5 year olds. The following Sept. it expanded to include before and after school care for k to age 6. Enrolment opened to all children 0-4 years in 2000".

³ The Role of Early Learning and ChildCare in Rebuilding Canada's Economy after COVID-19, J. Stanford, Nov.2020.
Fortin, P., Godbout, L., & St-Cerny, S. (2012). *Impact of Quebec's Universal Low-Fee Childcare Program on Female Labour Force Participation, Domestic Income, and Government Budgets*.

⁴ K. McCuaig: "For example CAP caused all PTs to bring in childcare legislation, introduce licensing and provide fee subsidies. P. Martins' program resulted in PTs developing childcare plans and the bilaterals have encouraged equity measures."

⁵ OEDC. Bridging the Gender Divide, 2020. Is Childcare Affordable? Policy Brief on Employment, Labour and Social Affairs, OECD 2020. Canada Without Poverty; 1 in 5 Children live in Poverty: "[Child and Family Poverty 30 Years Later](#)."

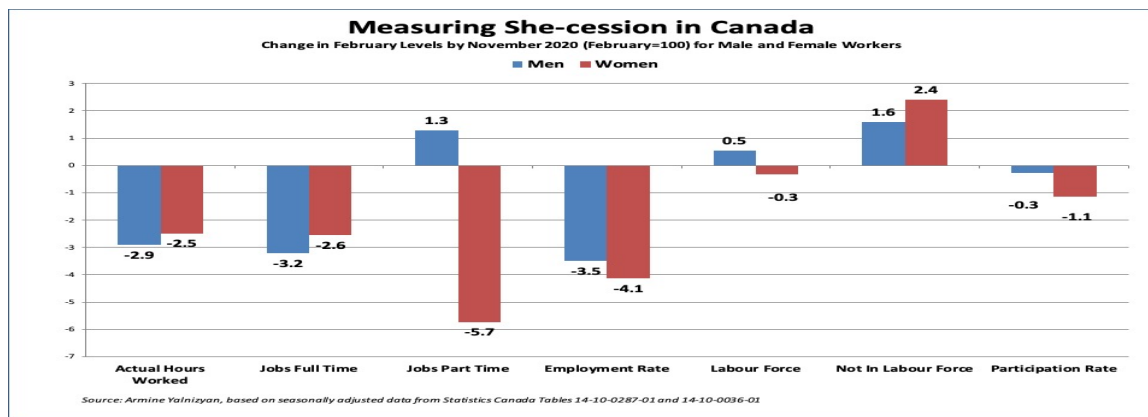
The Conference Board of Canada's 2017 study: *Ready for Life: A Socio-Economic Analysis of Early Childhood Education and Care* by Craig Alexander, found that about 23,000 families—many of them single-parent families—would be lifted out of poverty after the introduction of an expanded Early Childhood Education program.

All governments in the Organization for Economic Cooperation and Development (OECD) recognize the importance of affordable high-quality early childhood education and care and the social and economic benefits that it brings.⁶ Canada lags far behind OECD countries and has the least affordable system.⁷ Canada ranks 25th out of 41 affluent nations for protecting the wellbeing of children, according to UNICEF.

This lack has a disproportionately negative impact on low-income families, indigenous peoples, racialized minorities, newcomers, families working non-standard work hours and children with diverse needs.⁸ Covid-19 has dramatically intensified these inequities.

Childcare policy advocates describe the existing context of childcare in Canada as one of “*perpetual crises*”⁹.

Compounding this, COVID-19 has alarmingly exposed and magnified the shortcomings of these systems that have shuttered across the country. So much so that economists are saying we are now in a ‘she-cession’: “*A prolonged she-cession throttles back recovery for everyone. Lack of childcare is the policy-sensitive chokepoint of a she-covery*”¹⁰.



11

⁶ Defining and measuring the quality of Early Learning and Child Care: A literature review, ESDC 2018

⁷ *The She-Covery Project*, Ontario Chamber of Commerce, Sep. 2020

⁸ *Childcare in a Global Crisis: The Impact of COVID-19 on work and family life*, A. Gromada; D Richardson; G. REES; 2020, UNICEF. *Top 10 threats to childhood in Canada and the impact of COVID-19*, Children First Canada, 2020.

⁹ *An Analysis of the Multilateral ELCC Framework and the ELCC Bilateral Agreements-Child Care Now*, L. Pasolli Nov.2019

¹⁰ She-cession a term coined by Armine Yalnizyan: *Financial Post* Oct. 23rd, 2020

¹¹ From *Macleans: Charts to Watch in 2021*, Dec.7, 2020 A. Yalnizyan, economist, Atkinson Fellow on the Future of Workers.

“Never has childcare been more vulnerable—and more essential¹²”

As M. Friendly, M. Ballantyne and L. Anderson recently noted¹³: “An online Canada-wide survey of more than 8,000 regulated childcare services found more than one-third of closed centres reported uncertainty about whether they would reopen.”

The Ontario Chamber of Commerce’s¹⁴ report: *The She-Covery Project: Confronting the Gendered Economic Impacts of COVID-19 in Ontario*, echo’s this warning, providing detailed recommendations on childcare.

In addition, COVID-19 plus a lack of access to affordable or available childcare has disproportionately overwhelmed women on the frontlines who are also most disadvantaged by racism and poverty¹⁵.

The economic benefits¹⁶ and vision of a comprehensive approach has been articulated by Canada’s childcare sector¹⁷ for decades.

Extensive research and cross-stakeholder consensus exists¹⁸ confirming the educational, social, cultural, civic and GDP¹⁹ value of a universal childcare program; but until now what has been lacking has been political will.

The compelling desire to recover from the impact of COVID-19 has catapulted the economic imperative of universal childcare to the top of the Federal priority stimulus list. And wittingly ‘stoked feminist political will’:

“The government says the need for such a national system is obvious now, given how the COVID-19 pandemic has demonstrated the precariousness of work for many women.”²⁰

¹² CCPA Alternative Federal Budget Recovery Plan July, 2020

¹³ Rebuilding Childcare in Canada must include a National Strategy, M. Friendly, M. Ballantyne, L. Anderson, IRPP, July, 2020

¹⁴ Ontario Chamber of Commerce: *The She-Covery Project*, Sep. 9th, 2020

¹⁵ Ferrer, A. & Momani, B. “The Startling Impact of COVID-19 on Immigrant Women in the Workforce”. October 21, 2020. Policy Options. Retrieved from <https://policyoptions.irpp.org/magazines/october-2020/the-startling-impact-of-covid-19-on-immigrant-women-in-the-workforce/>

¹⁶ Prentice, Susan. “Childcare, the ‘Business Case’ and Economic Development: Canadian Evidence, Opportunities and Challenges.” *International Journal of Economic Development* 9.4 (2007a): 269-300.

<https://www.scotiabank.com/ca/en/about/economics/economics-publications/post.other-publications.fiscal-policy.fiscal->

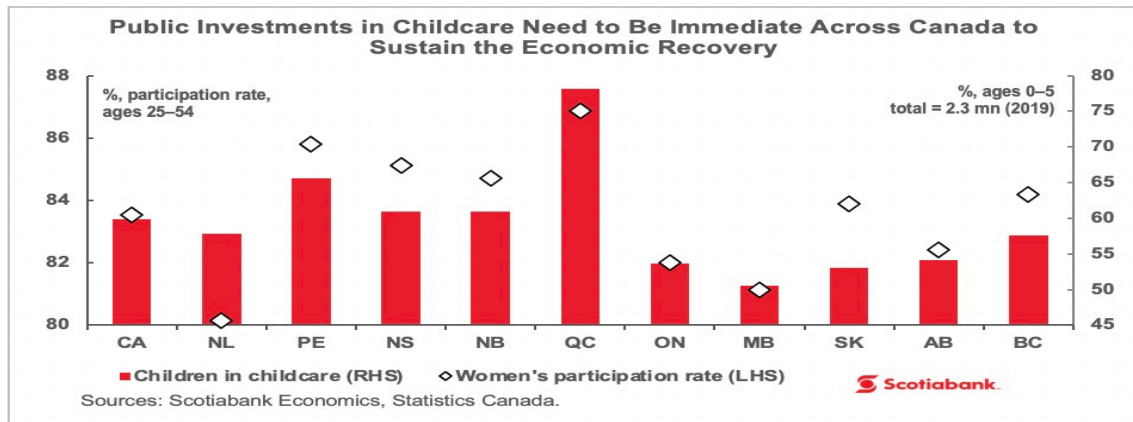
¹⁷ Anderson, L., Ballantyne, M., and Friendly, M. (2016). Child care for all of us: Universal child care by 2020: CCPA

¹⁸ The Role of Early Learning and Child Care in Rebuilding Canada’s Economy after COVID-19, J. Stanford, Nov.2020. Child Care Now: <https://timeforchildcare.ca/2020/08/12/a-diverse-array-of-social-policy-and-economic-experts-and-leaders-from-a-cross-section-of-the-economy-including-women-business-leaders-appeal-for-more-federal-action-on-child-care/>

¹⁹ The IMF has estimated that this could add four per cent to Canada’s annual GDP, equivalent to around \$92 billion every year; Macleans: Charts to Watch in 2021, Dec.7, 2020.

²⁰ CBC News, Nov.30th, 2020: <https://www.cbc.ca/news/politics/economic-update-child-care-netflix-tax-1.5822327>

In July 2020 [RBC Economics](#) called the hit on women's employment "unprecedented," with 1.5 million women in Canada losing their jobs in the first two months of the pandemic.



21

Consequently, the pandemic has rallied impressive public and private²² support for universal childcare given the dramatic pressure on parents that exposed how indispensable access to childcare is to their daily lives.

Even so, the challenges are multifaceted as the early learning and child care sector could lose thousands of educators who will not return to low-wage work without strategic intervention and incentivization. Childcare had an extreme educator shortage prior to the pandemic, intensified by the pressure bilateral agreements put on PTs to expand spaces without supports to attract educators.

Kerry McCuaig of the Atkinson Centre noted that: *“Quality in ELCC cannot exist without attracting and retaining a qualified workforce. ELCC is an economic driver in its own right, supporting women’s labour force participation; creating direct and spin off jobs and supporting local economic development”*.²³

Although these views usually focus on the importance of the early years, high quality outside-school-hours programs are also significant. The Throne Speech confirmed that childcare is now seen as a central pillar to Canada’s economic recovery post-COVID and advocates are applauding the Government’s intentions to intervene at this crucial time.

²¹ Taken from Macleans: Charts to Watch in 2021, Dec.7, 2020 - B. House, R. Young, M. Desormeaux, Scotiabank Economics

²² <https://www.theglobeandmail.com/business/commentary/article-canada-should-increase-financial-support-for-daycare-costs-to-help/>
<https://chamber.ca/news/business-leaders-sound-alarm-say-working-women-need-help-now-canadian-chamber-of-commerce/>

²³ Special thanks to J. Bertrand (McCain Family Foundation) and K. McCuaig (Atkinson) for their comments on this paper.

CURRENT FEDERAL GOVERNMENT INITIATIVES

In 2005, the Federal Liberal government led by Prime Minister Paul Martin and provinces (except Quebec) reached an agreement to enact bilateral agreements toward national standards of quality for childcare that was pre-empted by the fall of the minority government, dissolution of parliament and completely quashed by the incoming Conservative Harper government in early 2006.

In the Liberal budget in 2016 there was a renewed articulation of the 'necessity' of high quality, affordable childcare and promises for a national strategy.

- That early work in 2005 set the stage for further initiatives such as in 2017 the signing of a [Multilateral Early Learning and Child Care Framework agreement](#) with Canada's provincial and territorial governments. This agreement negotiated three-year [bilateral agreements](#) (2017-2018 to 2019-2020) that set out how much federal funding for early learning and childcare is allocated for each province and territory and generally how that federal money will be spent. In 2019 Annual expenditure transfer was \$399.3 million.

The Federal government also:

- Directly funds several Early Childhood Education and Care-type programs for special populations: Child minding for newcomers to Canada taking language training and Head Start for Indigenous peoples in Canada.
- Under the *Income Tax Act*, the Child Care Expense Deduction allows eligible parents to claim some employment-related childcare expenses as a deduction from taxable income.
- In 2017 the Government worked with Indigenous partners to co-develop the [Indigenous Early Learning and Child Care Framework](#). And committed \$1.7 billion over 10 years to strengthen early learning and childcare programs and services for Indigenous children and families starting in 2018-19.
- Since 2018 Employment and Social Development Canada has had an Early Learning and Child Care Innovation Program that is investing \$100 million over 10 years to strengthen innovative practices in the sector. And, in particular, to address more vulnerable communities that have unique childcare needs.

As part of a family support strategy the government also:

- Provides the Canada Child Benefit (CCB), a tax-free payment targeting low- and middle-income families.
- Contributes to maternity and parental leave by providing benefits to eligible families under the Employment Insurance (EI) program (the provisions for job-protected leave from work are determined by each province and territory).

Furthermore, the Federal government in its November 30th, 2020 fiscal update has indicated that a plan for a Canada-wide Early Learning and Childcare system will be announced in 2021.

Key to the plan will be how to work with provinces and territories to add more child-care spaces while ensuring good learning environments and affordability for parents. Specifically the Federal government has announced²⁴ that it will lay the groundwork for a Canada-wide childcare system with early investments now:

- Through the Safe Restart Program, Employment, Workforce Development and Disability Inclusion, will provide \$625 million in Federal support for Canada's child care sector to help ensure that safe and sufficient childcare spaces are available to support parents' gradual return to work, and
- An additional \$420 million in new support for the recruitment and retention of early childhood educators.
- Along with the agreements under the Multilateral Early Learning and Child Care Framework²⁵, this investment means the Government of Canada will invest almost \$1.2 billion to support child care in 2020-2021, a 67% increase over the next highest year in history, 2005-2006, when \$700 million were announced.
- \$20 million over 5 years for a Federal Secretariat on Early Learning and Childcare.
- \$70 million over five years and \$15 million ongoing to sustain the existing federal Indigenous Early Learning and Child Care Secretariat.

²⁴ <https://www.canada.ca/en/employment-social-development/news/2020/09/minister-hussen-to-make-an-announcement-in-markham-on-early-learning-and-child-care.html>

²⁵ The Early Childhood Education Report (ECER) for 2021 will provide an evaluative reading of the Framework. Assessing 5 categories in the delivery of quality ECE programming; Atkinson Centre for Society and Child Development & McCain Family Foundation.

SUMMARY OF KEY POLICY OPTIONS FOR UNIVERSAL CHILDCARE

Policy Advocates:²⁶

*ELCC in Canada was fragile before the epidemic because it is market-based, fragmented and under-funded*²⁷.

A blueprint for building a national universal child care system — developed by the cross-Canada early learning and child care community exists in their document: *A Shared Framework for Building an Early Childhood Education and Care System for All*²⁸.

It focuses on making ELCC affordable, strengthening accessibility (expanding availability) and improving ELCC quality. To make this blueprint a reality, advocates call for a two-phased approach by the Federal government in the aftermath of COVID-19²⁹:

- In the first phase, the plan calls for \$2.5 billion for ELCC in new federal transfers to the provinces/territories and Indigenous communities to support the safe and full recovery of regulated childcare as part of the reopening of the economy.
- In the second phase, the plan proposes ELCC spending of \$2 billion in 2021-22. Increased each year after by \$2 billion (that is, \$4 billion in 2022-23, \$6 billion in 2023-24, etc.). The federal funds would be used to move Canada towards a fully publicly funded system, in partnership with the provinces/territories and Indigenous governments.
- The Federal government would require the provinces and territories to use the federal funds to achieve measurable improvements in accessibility, affordability, quality and inclusiveness.
- Additionally, the Federal government would establish and fund a federal ELCC Secretariat to lead and co-ordinate the government's ELCC work.

²⁶ This includes childcare advocates, researchers, anti-poverty organizations, women's equality groups, ELCC advocates, ELCC practitioners, and parents.

²⁷ Child Care Now: *A Strategy for Recovery*

²⁸ <https://timeforchildcare.ca/wp-content/uploads/2019/03/child-care-for-all-plan-FINAL-EN.pdf>

²⁹ Taken from Child Care Now: <https://timeforchildcare.ca/a-strategy-for-recovery-making-affordable-child-care-for-all-a-reality/>

- Likewise, the Atkinson Centre A.Yalnizyan and K. McCuaig in October, 2020 provided the Ministry of Finance, the Privy Council Office and the Prime Minister's Office with a memorandum³⁰ articulating a *Five Year Plan for Federal Funding* with similar goals of funding tied to improving quality, quantity and affordability of ELCC programming with the goal of expanding high-quality, publicly-managed provincial /territorial systems.³¹
- Both the Atkinson Five Year Plan and M. McCain in Early Years Study 4 (See Chapter 6) call for a public system of ELCC, encouraging growth to take place in the public sector.
- In addition, the Ontario Institute for Studies in Education developed an innovative proposal for a federal-municipal partnership designed to kick start ELCC expansion and pilot sustainable models that could inform FPT agreements. Given that the need for childcare is great, as part of a COVID-19 First Phase Response Plan, a \$500 million dollar Federal-Municipal granting program was created to quickly advance a pan Canadian ELCC system.³²
- Finally, the government would introduce legislation that enshrines Canada's commitment to give all children the right to high quality early learning and childcare. Similar to the Canada Health Act, the legislation would set out the principles, conditions and accountability mechanisms for federal transfer payments to provinces/territories.

Organized Labour:

The Center for Future Work, in a timely November 2020 report by economist Jim Stanford, has identified and broadly quantified three distinct categories of economic benefits resulting from the implementation of a high-quality universal ELCC system in Canada: (i) Expanded Economic Footprint of Expanded ELCC Production (ii) Improved Female Labour Supply (iii) Improved Capacities of ELCC participants³³.

³⁰https://www.oise.utoronto.ca/atkinson/UserFiles/File/Publications/Yalnizyan_McCuaig_FiveYearPlanforFederalELCCFinancing_Oct16_2020.pdf

³¹Comment from K. McCuaig: "Publicly delivered programs do not face the workforce challenges that plague non profit and privately operated centres, even those that are publicly managed. For example, the QC government is now campaigning to recruit 1,100 staff to fill vacancies in CPEs. In addition, international jurisdictions with high access to quality programs have in common a high concentration of publicly delivered programs. Norway for example opened its system to private operators in the 1990s. It is now dialling it back because of quality concerns and the efforts it takes to monitor private operators."

³²https://www.oise.utoronto.ca/atkinson/UserFiles/File/Publications/6_FEDERAL_GOVERNMENT_ACTION_ON_CHILDCARE.pdf. Atkinson Centre for Society and Child Development

³³Table 8, Page 35 in *The Role of Early Learning and Child Care after COVID-19*, Jim Stanford, Nov. 2020

Key findings of the report concur that labour and business agree with what childcare advocates have been calling for; it provides analysis of the enhanced economic activity in the long run and strongly calls for both provincial and federal governments to “*move forward firmly and ambitiously*” with a well funded plan.

The Canadian Center for Policy Alternatives 2020 Alternative Federal Budget Recovery Plan also concurs with childcare advocates: *The AFB Recovery Plan will implement the updated Affordable Child Care for ALL Plan*³⁴.

Business:

In the Ontario Chamber of Commerce *She-Covery Report* the key recommendations are along the same lines:

- Improve long-term affordability and accessibility of childcare.
- Establish the National Childcare Secretariat.
- Address the shortages of Early Childhood Educators.
- Explore Creative Solutions through consultation, evaluation, incentivization, on-site child care for major projects and tax innovation to support women entrepreneurs.

OECD:

The OECD prescription for countries to improve their early childhood services³⁵:

- Pay attention to governance.
- Spend more and wisely, organize ECE to meet the needs of *both* working parents and children.
- Expand access, but don't take short cuts with service quality.
- Invest in the workforce through better training, and the same level of leadership, career opportunities and resources that are provided to teachers.
- Build in accountability.

³⁴<https://timeforchildcare.ca/wp-content/uploads/2019/03/child-care-for-all-plan-FINAL-EN.pdf>

³⁵ Taken from the 2017 Early Childhood Education Report, Atkinson Centre for Society and Child Development, OISE

A COHERENT APPROACH TO CHILDCARE IN CANADA

“Early Childhood Education needs a formalized federal/provincial/territorial ministerial table responsible for meeting outcomes. An expert secretariat can support but not replace elected oversight³⁶.” - Hon. Margaret Norrie McCain, Nov. 2020

Countries with high-quality childcare such as Norway, Australia and Sweden validate the need for a strong federal presence to convene a national framework that facilitates long-term systemic effectiveness and equity.³⁷

To summarize, the key broad actions the Federal government needs to take that advocates, business and organized labour agree are essential are:

- A National Framework with built in accountability
- Well funded investment of \$8 billion annually³⁸
- Measurable improvements to quality, access and equity
- Strong public infrastructure: workforce development and adequate compensation
- Continue the ongoing implementation of the Indigenous early learning and child care framework agreement
- Introduce and pass legislation that enshrines Canada's commitment to give all children the right to high quality early learning and childcare as an entitlement, and implements a national program.

The Margaret and Wallace McCain Family Foundation has played a cutting edge role in championing this first ‘tier’ education program of *ELCC for All* through decades of advocacy, research and measuring accountability.

Over the last 20 years since the Honourable Margaret McCain and Dr. Fraser Mustard released the first *Early Years Study* in 1999, *Early Years Studies 1, 2, and 3*³⁹ have influenced far-reaching government action, including:

- Enhanced parental leave, now up to 19 months
- Full day kindergarten for 4 year olds in Ontario, the Northwest Territories, and Nova Scotia

³⁶ Margaret & Wallace McCain Family Foundation Newsletter September 21, 2020

³⁷ Child Care in Canada by 2020: A Vision and a Way Forward. ChildCare2020 discussion paper, 2014

³⁸ Early Child Years Study 4: Additional spending required for Canada to reach OECD average

³⁹ See earlyyearsstudy.ca to summarize the impact of EYS 1, 2 & 3.

- Full day kindergarten for 5 year olds in British Columbia, Ontario Newfoundland and PEI
- ECE through public education for 40% of 4 year olds
- ECE public funding tripled across Canada

Fifty years ago, the Royal Commission on the Status of Women⁴⁰ called for governments to immediately get going on a national daycare system. Childcare has evolved since that time from a gender equality lens to include, in the 1990's, investments in early childhood education and the developmental rights of the child.

The evident failures of a fragmented approach calls for a more complex response from all levels of government to continue to orchestrate together a coherent ELCC system. A childcare system of strongly linked relationships that is integrative and designed to evolve.

Having 'thought together' for 5 decades now, certainly, in 2021, Canada will *finally* be able to realize this inherently feminist aspiration: a universal national childcare framework that evidence⁴¹ shows will benefit the long-term health and well being of Canadians.

⁴⁰ [Report of the Royal Commission on the Status of Women in Canada](#), tabled in Parliament on December 7, 1970

⁴¹ FutureWork: [The Role of Early Learning and Child Care in Rebuilding Canada's Economy after COVID-19](#). J. Stanford 11/20