

# BC's universal child-care program Is a powerful economic stimulus tool <sup>[1]</sup>

**Author:** Dobrinskaya, Maria

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## EXCERPTS

The federal government's response to the economic crisis needs to focus on supporting people as they try to return to work, and central to that for millions of households in Canada is childcare. But investing in childcare is not only critical for parents, but it's also essential for our entire economy, and the best uses of both federal and provincial stimulus funding to encourage economic recovery, in the post-CERB-Canada (a term coined by Garima Talwar Kapoor, Director of Policy and Research at Maytree Foundation) that we now find ourselves in. Boosting child care will create service sector jobs, respond to both demand and supply-side shocks, and ensure parents, particularly women, are able to reenter the labour market.

The COVID-19 induced economic recession is unique. While the Great Recession hit men, blue-collar workers and manufacturing particularly hard, the recent decline in economic activity has been felt primarily by women and the service sector. Across the country, women's participation in the labour force is at its lowest levels in three decades. One and a half million women in Canada lost their jobs in the first two months of the pandemic. As of June, employment for women sits at 89.2% of its pre-COVID levels while a similar figure for men has jumped to 92.3%.

Further, disruptions in education and child care systems have created a cascading effect preventing many parents from working at all. This is deepening the economic damage of the recession, introducing a strong supply-side effect, and setting us back decades with respect to gender in the workplace and women's economic empowerment.

**"Child care provision is an optimal vehicle for stimulus spending by all levels of government."**

In the case of British Columbia, though the child care sector remained operational throughout the COVID emergency, there were already year-long queues in some communities prior to the crisis. Now, during COVID, the supply of available positions has declined meaningfully, with many parents, who are still employed, being forced to work at half productivity while trying to manage child care or unable to return to work at all. As such, rapid investment in the childcare sector has the unique ability to allow people to return to work, directly employ individuals in the sector, and improve outcomes for children.

Due to B.C.'s 2018 commitment to universal childcare, it is well-positioned to accelerate its long-run plan to substantially increase the supply of child care spaces. As such, some of the best uses of the province's stimulus fund would be:

- To utilize temporarily empty public spaces for child care. While this will be challenging with respect to meeting requirements for licensed care, it's a worthwhile effort given the immediate need for physical space.
- To create more publicly owned facilities for child care provision. In particular, appending new child care facilities to existing public buildings can be particularly cost-effective.
- To expand staffing in licensed care to rapidly increase the number of available child care spaces in the province. This could occur through a combination of increased wages and temporarily relaxed qualifications with requirements and/or incentives to receive appropriate training during or after the crisis, and active attempts to recruit out of the license-not-required sector.

In the short run, this will assist B.C. in returning to its previous level of child care supply. Over the long run, this increased capacity can be maintained as the province permanently on-boards more staff on the path to universality. Further, while empty existing public spaces can be used for child care provision today, the capital plan can be utilized to expand publicly owned child care infrastructure for the post-crisis period.

While such programming does have substantial short-run costs, it has been well documented that there are large fiscal returns to universal child care over the long run. Given this, it's important to note that childcare stimulus funding should not solely be the responsibility of provincial governments — but should also be a line item in the upcoming federal budget and laid out in the government's Fall Throne Speech.

Caregivers, mainly women, have been most impacted by the economic crisis resulting from the pandemic. It is essential that governments

be creative in stimulus spending to focus on service sector recovery; with a rapid expansion in child care provision being the best available policy for an economic shock that impacts both the supply and demand side.

Investing in childcare is critical to ensuring a strong recovery and creating the foundations for inclusive economic growth into the future.

**Region:** British Columbia <sup>[3]</sup>

**Tags:** economic recovery <sup>[4]</sup>

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