

Sorry Canada. You're still unlikely to snag cheap child care, no matter governments' promises ^[1]

Much of the government's emphasis has been on the reduction of costs to families, rather than on expanding spaces

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EXCERPTS

As a columnist for 30 years, I've always tried to remember Bertrand Russell's maxim not to expect people to take as much interest in me as I do myself.

In any case, I appear to have entered my anecdotage — not much happens in my tiny world worth relaying to the rest of the universe.

An exception was the response to one recent tweet on Canada's promised low-cost, high-quality child-care system, which did spur some interest beyond my immediate family.

My wife and I have been searching for daycare for our three-year-old before his baby sister arrives later this summer. In fact, we have been looking for quite some time. The boy has been on the waiting list of 27 separate Centres de la Petite Enfance (CPEs) within 15 kilometres of our home in western Quebec since June 2018 — seven months before he was born.

We are still waiting — and it is virtually impossible to find out where you are on the list. At this rate, his high school prom may come and go before a spot in Quebec's gold standard, subsidized daycare opens up.

Quebecers are well aware of this, despite the romanticization of their cheap daycare by the rest of Canada. The waiting list for spots in the \$8.70 a day system is 51,000 kids long.

The Quebec model's enthusiasts tout its benefits, some of which are undeniable; some of which are only apparent to the lucky parents of the one-third of the province's zero to five-year-olds who are in the system.

The labour force participation rate for Quebec's prime age women (aged 25-54) in 2021 was 86.9 per cent, compared to a national rate of 83.9 per cent.

The system, according to one tax simulator run by the University of Sherbrooke, more than pays for itself as a result.

Other research indicates the not-for-profit CPEs offer higher quality child care than for-profit equivalents.

This is the system that Justin Trudeau and Chrystia Freeland hope to replicate in agreements with the provinces that state they will reduce the average price of fees by 50 per cent by the end of 2022, and introduce \$10 a day daycare within five years.

"It's not a social program, it's an economic program," Trudeau said during the last election, "taking a she-cession and turning it into a she-recovery."

But it is a social program and much of the government's emphasis has been on the reduction of costs to families, rather than on expanding spaces. In fact, the massive reduction in fees from \$50 or even \$60 a day to \$10 is going to create such an upsurge in demand that the new system is likely to be swamped. The federal government has budgeted to spend \$8 billion a year to create 200,000 new spaces. That is a lot of money but it is no panacea for accessibility, particularly outside major urban centres.

As Gordon Cleveland, emeritus associate professor of economics at the University of Toronto Scarborough, predicted with some understatement: "There will be problems."

Take Quebec as an example of what we can expect. It has been at this since 1997, when its model was introduced. As of March 31, it had 98,014 children in CPEs; 91,604 in subsidized family-run daycares; 47,789 in subsidized non-CPE daycares; and 78,083 in an unsubsidized private system, where parents can write off part of the cost and receive a tax credit (we have also been on the waiting list in 12 of these centres).

Inevitably, parents want their children to go to the higher quality, cheaper option, hence the 51,000-long waiting list. The Quebec government has responded by saying it will create 37,000 new spaces and hire 17,800 more daycare workers within five years. Some of

these numbers appear to have been plucked from thin air. Sophie Mathieu, a post-doctoral fellow at TELUQ University in Montreal, said the data on the number of spaces needed does not exist and at one point it was suggested the number required might be as high as 80,000.

There are other problems, including the distribution of CPEs. While one in three kids in child care in Montreal's affluent Westmount borough attends a high-quality CPE, the equivalent number in lower-income Montreal-Nord is one in seven.

Mathieu said a further concern is a decline in quality, as the provincial government tries to create more spaces. "The government is so focused on accessibility, we have seen diminished hiring criteria," she said. While CPEs used to require two-thirds of staff hold a diploma in early childhood education, that number has fallen to one-third.

Premier Francois Legault has pledged that any family that needs a spot will be able to get one by 2025. But an immediate solution to the current shortage of spaces "does not exist," according to Quebec Families Minister Mathieu Lacombe.

It does not inspire confidence that a system that is 25 years old is still experiencing teething troubles.

The new-born systems will undoubtedly follow suit.

The ink is still wet on Ontario's \$13.2-billion deal with Ottawa, which that province promises will lower fees for families "participating in licensed child-care centres" to an average of \$10 a day by September 2025.

The new deal will create 86,000 more licensed child-care spots, the province claims. But Ontario has 860,000 children aged five and younger. In 2019, there were 289,000 child-care spaces, or spots for just 33 per cent of the total number of kids. This deal will increase that to 43 per cent, but that means the majority of children will still not have access to subsidized daycare.

If parents are budgeting on paying around \$200 a month on daycare by mid-decade, they should probably think again.

A potential alternative to the "big bang" approach proposed by Ottawa is one that academics Ken Boessenkool and Jennifer Robson advocated in a paper for the CD Howe Institute.

The authors propose replacing the existing, but regressive, federal child-care expense deduction with a more generous refundable tax credit, increasing operating and/or capital grants for licensed providers, and consolidating new federal dollars in a dedicated and permanent transfer to provinces focused on expanding supply.

If it sounds familiar, it is because the Conservatives adopted the tax credit idea at the last election.

UofT's Cleveland said that the provision of tax credits has certain advantages. Conservative leadership candidate Jean Charest expanded existing tax credits when he was premier of Quebec in the early 2000s and saw an increase in 70,000 spaces over the course of a few years, as for-profit providers rushed in to satisfy demand.

But tax credits also have a downside — while they meet the needs of parents more quickly, they usher in an unregulated system that offers no control over future fees, which tend to go in only one direction quite quickly, as parents in the U.K. can testify.

"There are no simple solutions. Yes, you can go the tax credit route but then you have no control over what the system looks like. You are not creating a system, you are expanding a market. It's a quick fix," Cleveland said.

At this stage in the proceedings, I would take a quick fix. But perhaps there are other elements of the Boessenkool/Robson model that could be adopted alongside the government's attempt to make child care services universal.

Cleveland said Ottawa and the provinces have been guilty of focusing on the reduction in fees at the expense of the expansion of capacity.

"I understand it politically — what appeals to families is the lowering of fees. But in practice, many families won't be able to access the services because there won't be enough capacity," he said.

More resources devoted to building daycares and less on subsidizing parents would spread the wealth. For example, there is currently no capital grant program, or even a loan program, available to provinces and territories to fund expansion. Cleveland said he even suggested to the province of Ontario that demand for services could be contained by phasing in cost reductions — first, for older kids and later for infants and younger toddlers. The suggestion was rejected.

"But somebody needs to be engaged in planning for the expansion of demand and capacity at the same time," he said.

When the federal government announced its plans for a Canada-wide child-care system, it said it would "learn from the model that already exists in Quebec."

The principal lesson it seems to my wife and me, as we desperately visit various unsuitable and unsubsidized private daycares, is that when you plan to build a vast, unionized, bureaucratic system, you should lower expectations.

In other words, do precisely the opposite of what all governments across Canada are currently doing. There will be problems.

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