

# The state of Canadian early childhood education and care in 2022 <sup>[1]</sup>

From: Early childhood education and care in Canada 2021

**Author:** Beach, J., Friendly, M., Nguyen, N.T., Borges Nogueira, P., Taylor, M., Mohamed, S., Rothman, L. & Forer, B.

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## AVAILABILITY

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In the last three years, early childhood education and care (ECEC) has been substantially altered as Canada has experienced unprecedented changes in ECEC policy. These changes are attributable to two developments that have been hugely significant for child care. The first development was the crisis in child care provision resulting from the global COVID-19 pandemic beginning in 2020. This gave rise to the second development: the first child care initiative to be sustained long enough for governments to begin crafting and implementing a publicly funded Canada-wide early learning and child care (ELCC) system for all families and children.

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This section sets out the current state of Canadian child care. It first presents a short historical overview of child care through 2015, then examines the impact of the COVID19 pandemic on child care and the introduction of a historic Canada-wide child care plan, both of which have come about since the previous version of ECEC in Canada was published three years ago. The next section in this report, How early learning and child care is organized in Canada: Roles and responsibilities, presents an overview of how early learning and child care is organized, financed and governed in Canada, taking note of the significant policy and program changes that are underway.

## Child care and the federal government: Early days through 2015

Although a national child care program was first recommended in 1970 by the Royal Commission on the Status of Women, there has not been a Canada-wide child care policy until the present time. The lack of a national approach to child care has been an issue that has generated public debate over much of the last 40 years as various federal governments made attempts to advance child care at a Canada-wide level (1984, 1987, 1993, 2003, 2005). Until 2017, the initiative put in place by then-Prime Minister Paul Martin and then-Social Development Minister Ken Dryden had been the sole attempt that moved even as far as the initial stage. Mr. Martin's Liberal government set out Canada-wide principles, offered funding and secured agreements with all provinces/territories (except Quebec) and transferred the first funds under those agreements before they were summarily cancelled in 2006 by the incoming Conservative government led by Stephen Harper.

[See PDF for table]

In the decade of Conservative government between 2006 and 2015 that followed, publicly funded, regulated early learning and child care was off the federal government's agenda. However, the need and desire for early learning and child care continued to be highlighted, remaining a key issue for federal opposition parties both Liberal and New Democrat. Some provinces/territories made their own advances in child care but from the perspective of federal/provincial/territorial engagement or federal financial and policy, it was a period in which child care stagnated, with Canada receiving poor rankings in international research and analysis.

## Post-2015: The Multilateral Framework on Early Learning and Child Care

In the federal election held in the fall of 2015, child care was prominent, as the New Democratic Party put it high up on their election agenda. Canada elected a Liberal government, which re-engaged with provinces and territories on early learning and child care (ELCC) following the election.

A first result of this was the June 2017 announcement of a Multilateral Framework on Early Learning and Child Care (MLF)<sup>1</sup> agreed to by the federal government and provincial and territorial governments. The MLF stated that federal/provincial/territorial governments “agree that the further development of early learning and child care systems is one of the best investments that governments can make to strengthen the social and economic fabric of our country” and identified five principles for ELCC—accessibility, affordability, high quality, flexibility and inclusivity.

The federal government also co-developed, working with First Nations, Métis and Inuit governance organizations, the Indigenous Early Learning and Child Care Framework (IELCC), announced in September 2018, which is the umbrella framework for First Nations, Inuit and

Métis frameworks.

Under these frameworks, funding is scheduled to be transferred to provinces/territories and Indigenous governance bodies through 2026 – 2027. The total funding commitment of more than \$7.5 billion dollars over ten years, with specific funds earmarked for Indigenous ELCC, was outlined in the 2017 federal budget. Federal funding under this initiative came to \$540 million in 2018 – 2019 and is expected to grow to \$870 million annually in 2026 – 2027. Despite the 2017 financial and policy commitments—which were relatively modest compared to the needs, provision of child care continued to be funded primarily by parent fees, provided by a low-wage child care workforce and the supply continued to be too limited to meet families’ child care needs. Overall, this first federal ELCC policy initiative post-2015 did little more than supplement the existing child care market.

This round of bilateral agreements were subsequently renegotiated and renewed for the 2020 – 2021 fiscal year prior to initiation of the Canada-wide Early Learning and Child Care (CWELCC) agreements in 2021. The funding for these bilateral agreements and the subsequent CWELCC agreements remains separate.

[See PDF for table]

### **A turning point for early learning and child care: The COVID-19 pandemic**

The global COVID-19 pandemic officially came to Canada early in 2020. Widespread closure of regulated child care and schools by public health authorities Canada-wide came at the beginning of the pandemic’s first wave in the early spring of 2020. The closures created an unprecedented financial crisis for most child care service providers when they lost the parent fees that were their primary source of revenue for paying staff and operating services. Although some provincial/territorial funding filled in some revenue gaps, the combination of closures and disrupted child care use by families generated significant financial instability, early childhood staff layoffs and reduced, and uneven enrolment in child care services.

The initial widespread closure of Canadian child care and schools in the first wave of the pandemic lasted into the summer of 2020, with varying conditions by jurisdiction. Across the provinces and territories, what was funded, what was required to close (for example, some provinces closed child care centres but did not close regulated family child care homes to regular use), which parents were eligible for emergency services and how much they were required to pay, what government support was available, and health and safety rules varied enormously. As the pandemic proceeded, policies were modified and re-modified as policymakers and service providers scrambled to respond to an unknown, shifting, and anxiety-producing situation.

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Throughout multiple waves and COVID-19 variants, after re-opening in 2020, ELCC services were not generally closed again and research did not report high transmission of the virus via regulated child care services. There were, however, specific, mostly local, and usually time-limited closures. As well, individual centres (or rooms within centres) were closed due to COVID outbreaks, although these were quite limited. At the same time, child care services struggled financially. Enrolment of children in regulated child care was much lower than it had been pre-pandemic, as some parents worked from home, sometimes on reduced incomes, some were no longer employed and some feared the effects of contagion.

Perhaps the most important feature of the pandemic-generated child care crisis that has persisted through 2022 has been the reluctance of early childhood educators to remain in the field, aggravating the already existing staffing crisis. During the first wave of the pandemic, more than 70% of child care centres reported they had laid off all or some of their staff. While some staff were subsequently re-hired, many did not come back to work, leaving child care service providers to report that child care staffing issues were “a big problem”.

Overall, the COVID-19 pandemic has had a profound impact on Canadian child care services, destabilizing their operations, staffing and finances, with many of Canada’s regulated child care service providers and front-line educators relying on the substantial general federal benefits available to mitigate the impact of the pandemic. Indeed, without these benefits, many more programs would undoubtedly have closed permanently. In late 2022, almost three full years into the pandemic, the disruptions to child care it generated, layered on top of Canada’s marketized, underfunded, and patchwork service provision persisted, as staffing shortages create barriers both to maintaining services and to expansion of service provision as demand for child care rebounded.

The turmoil created in child care by the COVID-19 pandemic was not unique to Canada. In Canada, however, it reinforced 50 years of arguments by child care advocates, feminists and policy researchers that Canada needs to move beyond the child care market model to transform into a system capable of delivering the affordable, accessible, high quality early learning and child care needed by modern families and children, and 21st-century Canada.

### **Laying the foundations of a Canada-wide early learning and child care system: The 2021 federal budget**

As the child care struggles experienced by parents were intensified during the pandemic, mothers were disproportionately affected as they struggled to balance employment and child care. As a result, the recognition that child care is an essential service in an economy that has come to rely heavily on the employment of mothers with young children has broadened beyond the usual advocates for child care. The idea that child care is an essential economic service has become mainstream, as reflected in party platforms in the September 2021 election, all of which pledged to improve child care to support women’s equality and economic activity.

When the federal government had set out a plan for economic recovery from the pandemic in the September 23, 2020 Throne Speech, it

had recognized that “Women – and in particular low-income women – have been hit hardest by COVID-19”, describing the crisis as a “She-cession”. The 2020 Throne Speech went on to state:

It has been nearly 50 years since the Royal Commission on the Status of Women outlined the necessity of child care services for women’s social and economic equality. We have long understood that Canada cannot succeed if half of the population is held back. Canadians need more accessible, affordable, inclusive, and high quality childcare. Recognizing the urgency of this challenge, the Government will make a significant, longterm, sustained investment to create a Canada-wide early learning and childcare system.

The Government will build on previous investments, learn from the model that already exists in Quebec, and work with all provinces and territories to ensure that high-quality care is accessible to all. There is broad consensus from all parts of society, including business and labour leaders, that the time is now.

The 2020 Throne Speech was followed in November by the Fall Economic Statement (FES), in which the federal Finance Minister announced that “the government is committed to making historic investments to make this happen. Budget 2021 will lay out the plan to provide affordable, accessible, inclusive and high quality child care from coast to coast to coast”.

The April 2021 budget was historic for child care. It set out the high-level details of the Trudeau government’s intention to build a Canada-wide child care system, building on recognition of the fragility of Canadian child care as exposed by the pandemic, 50 years of advocacy for universal child care, lessons from global and domestic (Quebec) ELCC developments, and the foundational steps taken under the Multilateral Framework prior to the child care crisis of the pandemic.

In its 2021 budget, the federal government announced it would substantially augment existing child care financing through a new Canada-wide initiative with ambitious policy goals, making building a universal early learning and child care system central to the government’s plans for economic recovery from the pandemic, especially with regard to its disproportionate impact on women.

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The budget specified that the Government of Canada would spend \$27.2 billion over the next five years to build a “Canada-wide, community-based system of quality child care”, representing the most significant federal financial and policy commitment to child care to date. Combined with previous spending announced in the 2017 federal budget, earmarked federal spending for early learning and child care will thus total just under \$34 billion over five years. Federal funding in the 2021 – 2022 fiscal year will jump significantly to \$4.1 billion. By 2025 – 2026, a minimum of \$9.2 billion annually including funds for Indigenous ELCC is earmarked for early learning and child care. The 2021 federal budget projected that the federal government’s earmarked ELCC spending will equal provincial/territorial ELCC spending by year five.

The budget also committed to building on the 2018 Indigenous Early Learning and Child Care Framework (IELCC) and First Nations, Métis and Inuit frameworks’ distinctions based approach, specifying \$2.5 billion over the next five years, with Indigenous ELCC program funding to increase by 3% annually beginning in 2027 – 2028.

Other ELCC commitments specified in the 2021 federal budget include:

- \$3.5 million ongoing, to Employment and Social Development Canada (ESDC) for a new federal Secretariat on early learning and child care;
- creation of a new National Advisory Council to provide expert advice, consultation and a forum for issues and challenges facing the early learning and child care sector; and
- an additional \$29.2 million over two years, starting in 2021 – 2022, to support child care centres to improve accessibility in physical spaces for children with disabilities.

The budget also set out key goals for the transformed ELCC system, identifying affordability, expansion in service availability, and addressing child care workforce issues. Affordability was the most detailed of these goals, with a target of a 50% reduction in average fees for all families by the end of 2022 and an average \$10/day parent fee by 2025 – 2026 for all regulated child care spaces. Importantly, expansion of availability—a commitment to annual growth in quality, affordable child care spaces—was specified as “primarily not-for-profit quality spaces”. A commitment to expansion was included in the budget but specific targets in terms of the number of spaces were left to the negotiated action plans to be developed by each province and territory. There was also a commitment to “meaningful progress” for before- and after-school care.

With regard to the child care workforce, the federal budget stated that “with provincial and territorial partners, the government will work to ensure that early childhood educators are at the heart of the system, by valuing their work and providing them with the training and development opportunities needed to support their growth and the growth of a quality system of child care”.

There were also commitments to:

- tabling early learning and child care legislation following consultations with stakeholders, provincial, territorial, and Indigenous partners to enshrine the principles of a Canada-wide child care system in law;
- working with provinces/territories to build a baseline of common, publicly available data on which to measure progress, report to Canadians, and continuously improve the system; and
- negotiating bilateral agreements with all provinces/territories including an asymmetrical agreement with Quebec that will allow for further improvements to their system.

The 2022 federal budget followed up this first substantial round of ELCC commitments with the promise of a fund earmarked for capital funding. The new Early Learning and Child Care Infrastructure Fund included an allocation of \$625 million over four years beginning in 2023 – 2024.

### Canada-wide agreements and action plans to 2023

Following the 2021 federal budget, the Government of Canada and provinces/territories began negotiations on agreements intended to set out how the Canada-wide child care system will be built. The first Canada-Wide Early Learning and Child Care (CWELCC) agreement, with British Columbia, was signed on July 7, 2021 and the last, with Ontario, on March 28, 2022, with all provinces/territories<sup>4</sup> except Quebec agreeing to collaborate to achieve common Canada-wide goals. Under these agreements, each jurisdiction has developed an action plan that applies to the period between 2021 – 2023. The current actions plans specify that the next round of action plans will be developed to follow the first phase, providing an opportunity for “course correction”.

“An ELCC issue that has been growing in importance Canada-wide is Indigenous early learning and child care’s formation, conceptualization and governance. A variety of ELCC services for First Nations, Métis and Inuit children and families with different purposes and targets have been federally funded for some years, as part of the federal government’s historical responsibilities to Indigenous peoples.”

Summarizing selected elements—affordability, expansion, auspice and the child care workforce—of the CWELCC agreements and first round of action plans provides a flavour of changes to early learning and child care to date and some of the changes yet to come. “Affordability” was set out in the 2021 federal budget speech to be achieved in phases, with the first step specified by the federal government as a reduction in parent fees by an average of 50% by the end of 2022. The summary shows that in this phase, most jurisdictions used the mechanism of a percent or flat rate reduction to the existing market fees. Two of the provinces (Newfoundland and Prince Edward Island) that already used provincially set parent fees reduced these. Other provinces/territories that set parent fees, i.e., Quebec, Manitoba and British Columbia (British Columbia uses set fees in one tier of centres) used other approaches – see Summary report. Additionally, most of the provinces and territories will also continue to use individual parent fee subsidy systems.

All provinces/territories have committed to specific numbers of expansion spaces, identified in each agreement, but only a minority have made a clear commitment to develop an expansion plan. Two provinces specify that they will ensure that existing spaces are used to full capacity and almost all jurisdictions set out expansion priorities such as low-income and vulnerable families and children, rural communities, racialized families, Indigenous families, municipal and public child care and others.

The federal government specified in the 2021 budget speech that expansion would “primarily” be in the not-for-profit and public sectors. The summary of specific provincial/territorial aims with regard to auspice shows all jurisdictions intend that expansion will be exclusively or predominantly not-for-profit or public, with seven provinces/territories stating that federal funds will be used exclusively for not-for-profit or public expansion. Most will treat existing for-profits and not-for-profits/public services identically or almost identically. Several jurisdictions have no, or very few, for-profit ELCC services, while in some jurisdictions, for-profit provision is predominant.

A key recommendation linked to improving wages for the child care workforce has been implementation of wage grids specifying decent wages. Ten of the 13 jurisdictions either already have a province/territory-wide wage grid or have made a commitment to develop one. Additionally, the provincial/territorial agreements show a wide range of commitments to bursaries, improved professional development, increased complements of qualified staff and other initiatives, as well as some specific wage increases in the form of wage enhancement funding. No jurisdiction has committed to a comprehensive workforce strategy.

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**Related link:** Early childhood education and care in Canada 2021 <sup>[3]</sup>

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