

Powering growth: Economic benefits from Canada's \$10-per-day early learning and child care program ^[1]

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AVAILABILITY

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Summary and key findings

In 2021, Canada's federal government announced a new \$10-per-day national early learning and child care (ELCC) program. After reaching negotiated agreement with all provinces and territories,¹ the program began rolling out in 2022. It has led to increases in the number of regulated child care spaces in Canada, and significant reductions (of over 50%) in average fees paid by parents. Economists have long highlighted the economic benefits of accessible, quality ELCC services. These include at least three broad categories of benefits:

- Economic activity and employment associated with the direct operation of ELCC services.
- Improved labour force participation, employment, and incomes for parents of young children (especially women).
- Improved lifetime achievement for children who received high-quality early child education (including superior outcomes in education, employability, earnings, and health).

In a 2020 report, the Centre for Future Work estimated the potential economic benefits in Canada arising from a possible national ELCC program. The report simulated the impacts on employment, GDP, labour force participation, and tax revenue from a national strategy to provide spaces for the vast majority of preschool children (matching near-universal ELCC coverage provided in Nordic countries). The report found that the direct and indirect gains to GDP (arising from ELCC operations, construction of new ELCC facilities, supply chain and consumer spending spillovers, and increased female labour force participation and employment) would amount to between \$63 and \$107 billion after a complete ten-year phase in. Among other benefits, this increased economic activity would generate incremental tax revenues for government (just on the basis of preexisting tax rates) significantly higher than the cost of providing a universal ELCC system. In this light, ELCC is a public service that quite literally "pays for itself."

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