

Child care

Introduction

Over the past year, the federal government concluded Canada-wide Early Learning and Child Care Agreements and set out action plans, targets, and timetables with all provinces and territories. These agreements add historic levels of new federal funding to provincial and territorial child care budgets, along with funding for Indigenous Early Learning and Child Care, totalling \$30 billion over five years.

The 2021 federal budget indicated that \$3.1 billion would be added to the baseline federal child care budget in the first year (2021–22), with annual increases reaching \$8.4 billion to bring total federal child care funding to \$9.2 billion by year five (2025–26). The federal government has also committed to providing stable, ongoing funding at a minimum of \$9.2 billion annually in subsequent years.

The goal of the provincial and territorial funding agreements is to ‘transform’ child care affordability, access, and quality across Canada. Transformation is essential, as the current patchwork of programs is inequitable and fails to meet the needs of children, families, educators, communities, or our economy.

But an effective transformation — moving from patchwork to system — will take time, ongoing federal leadership, and effective use of public funds. The opportunity, and the challenge, is to achieve measurable and visible progress promptly while ensuring that each step along the way is grounded in child care system-building research and evidence.

A vision for transformation

Overall, an effective transformation of child care in Canada will require federal, provincial, and territorial governments to work together effectively to move from Canada's longstanding, failed, market-based approach to a publicly managed system that recognizes, values, and funds child care as a public good. This should be done while respecting Indigenous rights and jurisdiction, including—but not limited to—fulfilling the distinctions-based obligations detailed in the Indigenous Early Learning and Child Care Framework.

Child Care Now, Canada's national child care advocacy organization, developed a detailed in 2021 to guide this transformation. This national roadmap is complemented by community-developed roadmaps in several provinces. Each roadmap is aligned with research that confirms the overarching policy and funding elements essential to achieving a publicly managed system:

A shift in the way child care services are put in place. Currently, Canada largely relies on individual groups and corporations to develop and operate new services. This risky, inefficient, and ineffective market-based approach must shift to publicly planned and managed expansion strategies to increase the supply of, and equitable access to, public and non-profit programs, with effective recruitment and retention strategies in place for educators.

A shift in the way that child care services are funded. In most of Canada, public funding for regulated child care is provided through various government grants that fall far short of the funds required to provide quality programs, which forces service providers to rely on high parent fees and/or low wages to cover their operational costs. This failed market-based approach must shift to a comprehensive, equitable direct funding model that provides programs with adequate operational funding to achieve fair compensation for educators, high-quality programming for children, and affordable fees for all families.

A shift in the way the child care workforce is remunerated, recognized, and valued. The child care workforce is critical both to ensure an adequate supply of services and that all services achieve a high level of quality.

Building on these roadmaps, and based on recent research and evidence, the AFB will implement five actions to jump-start Canada's transformation to a publicly managed child care system. To achieve the expansion commitments detailed in the agreements, the AFB will implement:

A federal capital expansion program to support the capital costs associated with the public and community-planned expansion of programs in high-quality public and non-profit facilities together with the development of an explicit expansion strategy in each province and territory. The capital program will be funded by increasing the federal Early Learning and Child Care Infrastructure Fund to \$10 billion over three years (2023–24 to 2025–26).

An in-depth, comprehensive, Canada-wide workforce strategy to address the current recruitment and retention crisis, so that qualified educators are available and willing to staff existing and new facilities.

Federal legislation to ensure that, at maturity, the Canada-wide system of early learning and child care entitles and provides all children and families in Canada with equitable access to high-quality, inclusive, and culturally safe programs.

To achieve the public goals detailed in the federal legislation—and serve the public interest with transparent, evidence-based policy—the AFB will work with provinces and territories to ensure that:

Equitable direct funding models with adequate public funding and accountability mechanisms are in place.

Maximum affordable parent fees of \$10 a day are established for all parents Canada-wide by 2026, with lower or no fees for lower-income families.

While all these actions align with the goals and vision of the Canada-wide ELCC agreements, they go beyond what is set out in the various provincial and territorial action plans, in keeping with best practice.

For example, the first key deliverable under the agreements is a 50% fee reduction (on average) by December 2022, on the road to achieving average parent fees of \$10 a day by 2026.

International evidence confirms that effective child care systems make services affordable through adequate and direct public funding of services and by setting low maximum parent fees, with reduced or no fees for lower-income families.¹ However, government plans and policies implemented to date to achieve the first-year 50% average fee reduction show that several jurisdictions are using fee-reduction grants and/or changing their income-tested parent fee subsidies to meet the targets, thereby reinforcing the failed market-based approach to child care funding.

The importance of developing and implementing equitable direct funding models with low, provincially set parent fees, cannot be overstated. Parent fees vary widely in provinces and territories without set fees, as can the definition of a 50% reduction target. Establishing

set fees, and then reducing them over time (e.g., from \$20 a day to \$10 a day) is demonstrably the most transparent way to show Canadians that affordability goals are achieved.

Moreover, operational funding models can, and should, integrate increased and equitable public operating funding into programs that are accountable for including children and families in all their diversities; providing culturally-safe programming and additional supports as required for children with disabilities; and fully covering improved educator wages, benefits, and working conditions to achieve the public goal of a well-educated and fairly compensated workforce.

The COVID-19 pandemic has demonstrated what research and experience have long shown: that a well-supported, professional, committed child care workforce is *the* pivotal element in a well-functioning child care system and essential to providing high-quality programs that benefit young children. However, longstanding challenges with the child care workforce are well-documented, including:

- Low wages, minimal benefits, and limited access to professional development;
- Poor working conditions (e.g., lack of preparation time, limited support services such as cleaning and food preparation, poor quality facilities;
- Lack of recognition for the value of the work, and low commitment to developing the sector as a profession that meets international standards for educational requirements;
- Lack of direct and transparent consultation with the workforce in policy-making processes.

These issues have created and sustained a Canada-wide crisis in recruiting and retaining qualified educators, a crisis that will be magnified both by the expansion goals of the Canada-wide ELCC Agreements and by the projected increase in demand for access to child care as parent fees are reduced.

Therefore, the AFB will work with the provinces, territories, and child care community to develop an in-depth, comprehensive, Canada-wide workforce strategy that addresses the scale, scope, and urgency of the current reality and the risk associated with achieving the shared goals of transformation.

Without a workforce strategy, it will be impossible to realize the establishment of the 200,000 new child care spaces committed in the agreements. Significant expansion requires both a **federal capital expansion program** that is much bigger and more ambitious than

the Early Learning and Child Care Infrastructure Fund of \$625 million over four years (starting in 2023–24) that was announced in the 2022 federal budget. It will also require concrete **public expansion strategies** developed to fit the situation of each province and territory.

Research shows that it costs approximately \$50,000 per space to build a quality facility, not including the cost of land, so \$625 million is only enough to build 12,500 spaces in total. **Therefore, the AFB will increase the fund to at least \$10 billion** over the remaining three years of the Canada-Wide ELCC Agreements (2023–24 to 2025–26) to fund new child care spaces only in public, non-profit, and Indigenous child care facilities. The fund will cover the design and construction of new facilities, purchases of existing facilities, and costs associated with renovating or rehabilitating existing facilities.

A public process for planning expansion is essential to ensure that federal funds are effectively used to create new publicly funded programs based on community needs and priorities and equitable access for all families, rather than relying on individual providers to open programs when and where they choose. Specifically, the federal capital expansion program should be designed, and criteria and regulations established, to ensure that public funds are not used to support the acquisition of facilities or other real estate holdings by for-profit corporations or other for-profit entities.

Finally, yet crucially, federal legislation plays a foundational role in establishing equitable access to high-quality, inclusive, and culturally safe child care programs, including by enshrining this right for all children and families in Canada. The federal government has committed to tabling Canada-wide legislation and has already undertaken preliminary consultations about its content. The ongoing process of developing the legislation should be democratic, inclusive, transparent, and grounded in a broad engagement strategy.

In addition to the overall entitlement provisions, key elements of the federal legislation include:

- Vision, goals, and principles (the latter including and defining quality, equity, access, affordability, inclusion, etc.);
- Commitments to collaboration and democratic participation;
- The research and data structures and accountability mechanisms required to monitor, evaluate and publicly report on progress. These structures and mechanisms will also be used to ensure that federal transfers to provinces and territories are properly accounted for in parliament and effectively advance evidence-based system building.

Conclusion

For the first time in history, several of the key components required to transform child care in Canada from a market-based approach to a publicly managed system are now in place: A federal government with solid commitments to build a Canada-wide system of early learning and child care that respects Indigenous rights and jurisdiction, substantial federal funding to meaningfully advance those commitments, and agreements with all provinces and territories to invest these funds to achieve measurable progress across the country.

Building on these important achievements, the AFB has proposed five specific actions to ensure that this essential transformation is grounded in the best available research and evidence and maximizes public accountability to realize the social and economic benefits of public investment. The AFB also highlights the importance of working collaboratively with provinces, territories, Indigenous leadership, and a broad range of stakeholders to advance this transformation.

Table 5.1 Summary of child care measures

All figures in \$M

	2023-24	2024-25	2025-26
Boost the Early Learning and Child Care Infrastructure Fund	\$2,000	\$4,000	\$4,000
Amounts already in the fiscal framework	-\$75	-\$150	-\$150

Reference

<https://www.canada.ca/en/early-learning-child-care-agreement/agreements-provinces-territories.html>

Notes

1 The AFB responds to this research by establishing \$10 a day as the maximum fee by 2025-26, not the average as per the Canada-wide agreements; establishing entitlement for all through legislation; and ensuring that families who cannot afford \$10 a day pay lower or no fees. While the specific approach to charging lower or no fees may vary across provinces and territories, all approaches must be non-stigmatizing for families while reducing barriers to access. Administrative efficiency, effectiveness, fairness, and equity are also important principles, as current fee subsidy approaches are shown to be ineffective. Provinces and territories should consider fully funding the operating costs of high-quality, inclusive, and culturally safe child care programs and establishing separate systems to collect parent fees where required.