

# FUTURE PROOFING: FEDERAL LEADERSHIP FOR CHILDCARE SYSTEM BUILDING

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## Introduction

Childcare is key to Canada’s capacity to reopen and rebuild from the COVID-19 crisis. As provinces and territories emerge from lockdown, new childcare challenges compound pre-existing ones, threatening to hobble economic reopening and to entrench gender-regressive economic outcomes. Federal leadership is urgently required both to stabilize existing childcare and to build toward a childcare system that will stimulate and sustain economic recovery. The decisions that governments make in the coming months about childcare system-building will be era-defining, and will have generational ripple effects.

When the COVID-19 crisis hit, women were the first called or pushed out of the labour market for caregiving or employment sector reasons, making this Canada’s first care- and service-sector-led recession – what some call a “pink collar recession”<sup>1</sup> or “she-cession.”<sup>2</sup> Without immediate coordinated investments, as well as planning for sustainable, long-term childcare system-building, women will be both the first out and last back to work. Such an outcome will yield massive consequences at the household and macroeconomic levels, including stunted economic growth, decreased taxation revenues for governments, and increased poverty for women and children.

When the pandemic hit in March 2020, Canada did not have a national childcare system.<sup>3</sup> This reality became clearer over the course of the ensuing medical and economic crisis. Pre-pandemic, about 64 per cent (1.4 million) of Canadian children aged 0-5 regularly used paid non-parental childcare. There were regulated centre-based spaces for about 29 per cent of Canadian children ages 0-5,<sup>4</sup> and regulated spaces (centres and home-based settings) for about 27 per cent of children aged 0-12.<sup>5</sup> Where Canadian parents lived often determined childcare affordability, with fees for infant care ranging from a monthly median cost of \$179 in Montreal to \$1,774 per month in Toronto.<sup>6</sup> Redressing patchwork accessibility, uneven affordability and variable quality will stimulate typically male employment in built-infrastructure spending (such as centre construction and retrofitting), and typically female employment in social-infrastructure spending (such as employment in the childcare sector as well as women’s ability to rejoin the labour market.) Building a childcare system will protect Canada’s economy against the care vulnerabilities revealed by the pandemic.

Five steps should be immediately taken:

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1. *Restore pre-COVID capacity* via investments in necessary operational, safety, wage and staff funding for regulated spaces;
2. Restoring capacity must involve *building satellite-to-permanent spaces* via investments in alternate additional sites to provide safe delivery with lower child-to-staff ratios, and then begin repurposing these for long-term system expansion;
3. Employ *flexible, safe and smart improvisation for summer 2020* via assistance for summer (July and August) programming for regulated childcare and camp programs for school-aged children;
4. *Plan school-to-care coordination* that expands childcare capacity to full days for school-aged children where full-time school attendance is unavailable due to physical distancing requirements; and
5. *Immediately appoint and deploy a federal Childcare Secretariat* to develop, collaborate and build toward a national system of childcare for all Canadian children that need it.

### **Care at the Core: The Pandemic Imperative**

In addition to affecting women's employment significantly more than men's, the COVID-19 pandemic has revealed both the centrality and the precarity of Canada's care systems. It has shown that paid care – whether in health-care, long-term care or childcare – is essential work that has held the nation together through the crisis. It has shown that unpaid care – whether in the home for children whose schools and childcare services were closed, or for ill or dependent others – has made possible the capacity to shore up the health-care system and prevent virus spread, and has sustained the wellbeing of individuals while the economy all but paused. This only became possible because employment responsibilities for many workers were temporarily adjusted or partially suspended. Care has permitted the stabilization and cohesion of Canadian society in lockdown, while simultaneously the crisis has revealed the consequences of a collective lack of valuation, investment and coordination of care systems. Care – responsibility for which is a key driver of women's economic inequality – is the social infrastructure investment that governments must make in order to fully reopen their economies, build to recovery and construct a fairer and stronger economy and society for the future.

Governments in Canada are confronting the sometimes fatal consequences of a patchwork care system for the elderly, among whose chief features is a low-paid and disproportionately female labour force with precarious labour-market conditions. They are also confronting a patchwork care system for children, among whose chief features are uneven access, affordability and quality, and also a largely low-waged female labour force. In the immediate term, the capacity of the economy to move from pause to restart hinges on childcare. In the long term, the capacity of the economy to move from restart to sustained recovery requires building a national childcare system.

Heading into the COVID-19 period, the labour force participation rate of women whose youngest child was under six was more than 75 per cent.<sup>7</sup> During the COVID-19 period, for households where work from home has been possible, such combinations of work and care for young children are wholly unsustainable. Moreover, Statistics Canada estimates that 61 per cent of the Canadian labour market cannot work remotely and those that can are more likely to be in higher income/higher education categories.<sup>8</sup> Return to work – and economic recovery – thus hinge on supporting and building the childcare sector. As has been well canvassed, this crisis is not like the 2008 economic crisis:<sup>9</sup> it is a recession led by service-sector and women's unemployment and

under-employment; it has been stabilized by paid and unpaid care labour; and it will require social investments in care infrastructure (that stimulate women's and men's employment) to build to recovery.<sup>10</sup>

COVID-19 has not only pushed women out of the labour market or called them out to care, but it has created major barriers to women's labour-market re-entry and participation. The combination of the closure of schools and childcare during the COVID-19 period, the significant loss of employment and/or work hours for women especially,<sup>11</sup> the massive sectoral impact of the crisis on service and retail work in which women are significantly represented, the difficulty in reopening segments of these sectors, and the safety requirements of physical distancing and cleaning in care settings on reopening result in the spectre of a gender-regressive recovery. This spectre threatens to undo decades of progress on gender equality. The precarity of the childcare sector generally in terms of its heavy reliance on parent fees for operational revenue, its personnel challenges owing to factors such as low wages, its pre-COVID access and affordability barriers, and the difficulty in redeploying spaces temporarily filled by the children of essential workers during the pandemic translates into a childcare sector that is fragile, at risk of not re-opening or unable to stay open. All this is compounded by having to ration services to many in its care pre-COVID, in addition to attending to needed expansion. Significantly, parental fear of infection may result in parents – usually mothers – being forced to decide about their labour-market engagement on safety grounds as well as access grounds. There is a pressing need for comprehensive guidelines for safety practices, and national near-term funding for adequate staffing and cleaning, enhanced wages that attract and retain workers, and additional spaces.

### **Fiscal Year 2020-21: The immediate term**

The remaining months of the fiscal year require adaptive, creative, collaborative and coordinated planning, as well as direct financial support to the childcare sector. Families face considerable uncertainty about their work lives, school opening, summer camp and care options, and childcare for very young and school-aged children.

The current estimated federal spending for childcare is nearly \$400 million for the fiscal year beginning on April 1.<sup>12</sup> Additionally, the federal government promised \$535 million in additional annual spending in its second mandate to create 250,000 new spaces for before- and after-school care, and reducing fees by 10 per cent; however, these allocations have yet to be specified as no budget was formally tabled in 2020 and federal-provincial-territorial bilateral renewal agreements are not yet finalized.

On June 5, the prime minister announced a Safe Restart transfer of \$14 billion to be negotiated with provinces and territories for supports to key areas, including childcare.<sup>13</sup> This transfer is geared to addressing COVID-related safe reopening supports over the coming six to eight months.

In the immediate term (fiscal year 2020-21), the already allocated \$400 million childcare investment should be significantly supplemented. At least \$2 billion (about 14 per cent) of the recently announced \$14 billion transfer to provinces and territories should be directed to childcare, and it must be spent on restoring the regulated childcare sector to pre-COVID availability. The \$535 million promised for before- and after-school care should be directed both to school-aged childcare in summer 2020 as well as full-day school-aged childcare owing to physical distancing

rules and reduced school schedules in the fall. Total new spending for 2020-21 for childcare would thus be an estimated \$2.5 billion.

Federal childcare funding should be incremental to existing provincial/territorial funding and directed to these areas:

- Operating costs of regulated centres and spaces that closed during pandemic, which face rental debt/arrears on reopening, and whose revenues decreased due to lower child-to-staff ratios and fewer children (meaning fewer parents paying fees)
- Funding for additional hiring of early childhood educators (ECEs) and qualified care providers as well as increased cleaning capacity/staff
- Workforce strategy with wage enhancements to attract and retain required additional workers to offset both decreased ratios and subsequent system build-out
- Education, training and employment programs to build the required ECE workforce
- Funding for personal protective equipment for care providers
- Funding to assist in securing alternative sites for care delivery owing to lower ratios
- Physical infrastructure investment to expand the current childcare footprint, particularly for preschool-aged children
- Establishing a Childcare Secretariat and any needed staff, and setting aggressive capacity-building targets for stimulus system-building.

The securing of alternate/satellite sites to restore capacity to pre-COVID levels should be strategic in terms of *system-building*. The expansion should build on emerging plans to enable acquisitions under the national housing strategy, including public support for smaller non-profit childcares to acquire property.<sup>14</sup> The ratio and staffing needs of the recovery period will build both physical space and staffing capacities, and thus permit expansion as the pandemic recedes and staff/child ratios return to pre-COVID levels. Wage improvements will need to form part of recruitment, retention and social infrastructure stimulus spending as the sector grows.

Clear guidelines should be established in collaboration with provinces and territories regarding public-health requirements for all childcare, including regulated centre-based and home-based, as well as summer programming and camps where safe opening is possible. Building *confidence* in childcare systems is a crucial and necessary step in economic recovery.

Summer 2020 poses unique challenges for families, and camps and childcare openings will vary by the public health conditions in each province and territory. A portion of the \$535 million planned for before- and after-school childcare for 2020 should be redirected to establishing capacity and support for summer programming to camps and summer programs at municipal levels or delivered by *accredited* organizations that comply with the safety-related regulatory mechanisms noted above. Precise spending will depend on which provinces are able to support such services in the summer months. Schools should be considered as sites for summer delivery. Schools and childcare must begin collaborative planning now as the fall re-entry will likely mean an increased need for full-day school-aged childcare as boards of education make decisions about ratios and alternating days or times of class.

In the short and foreseeable term, federal funding and leadership should help provinces and territories to be responsive to the fluctuating childcare needs of families and children. It should

support the sustainability of centres as they work with varying numbers of children. It should support affinities between childcare and school systems, neither of which will likely be able to return to normal in short order.

### **The Childcare Secretariat: For medium-term pandemic recovery, future-proofing and long-term system-building**

Building a national childcare system requires establishing a Childcare Secretariat to aggressively plan and build capacity in the childcare labour market, in physical stock, and in balancing accessibility, affordability and quality. The Secretariat should establish immediate plans regarding building the ECE labour force, training/professionalization and wages, urban and rural economic development and stimulus spending in physical infrastructure, fee structure, and federal/provincial roles. This Secretariat should sit at the centre of government as it will be crucial to economic recovery and to stimulating women's employment, in terms of returning to the labour market, in terms of the supply of ECEs, and in terms of girding the economy against the care vulnerabilities exposed by the crisis.

The necessary transition – from short-term stabilization of the childcare sector to permit providers to survive the shutdown, to a reopening that can accommodate families to confidently return to their providers and to work – requires federal leadership and investment. But getting the doors open in the short term merely facilitates childcare for the portion of the population with funds to pay for care and access to it. The COVID-19 economic recession is a feminized one that has revealed the precarity of Canada's care systems and its consequences for women's labour-market participation, with all the economic heft that such participation provides.

Appointing the Childcare Secretariat to steward the building of significant progress in federal childcare leadership would meet the macroeconomic challenge of stimulus and recovery: it will direct spending to social infrastructure that will stimulate traditionally male *and* female employment. This requires different thinking about stimulus spending. The 2008 recession stimulus measures that in the short term generated employment and growth were disproportionately *built* infrastructure projects that stimulated male employment — no new federal measures supporting childcare formed part of that recovery. Building childcare systems will necessarily entail investing in built infrastructure (new centres, retrofits and supply chain inputs) as well as social infrastructure and human capital (ECEs, cooks, cleaners, transit workers, snow clearing, etc). It will permit women to enter and re-enter the labour market, decreasing women's and children's risk of poverty, increasing their capacities to form and maintain autonomous households (a key variable in combatting domestic violence), increase employment, increase taxation revenues for all levels of government, and deliver the child-specific salutary outcomes that high-quality childcare provides. Building care structures will sustainably allow people to spend, ensure that there are consumer goods and other products to spend on, and ensure good jobs are available linked to our main economic advantage: our highly-skilled workforce.

The system-building measures and investments put in place for both re-opening the economy and motivating the recovery will also serve as a sturdier platform from which to build out the rest of a national childcare system over the next five years, in the COVID-19 period and beyond. System-building will include elements such as more licensed spaces in expanded physical spaces, greater affordability for parents, and wage enhancements that recognize the essential and fundamental

nature of ECE work. These requisite elements of a renewed and rebuilt system compel additional government investments, which the Secretariat should be charged with enumerating and defining as part of the government's overarching objective to build out the required system in time for the 2021-22 fiscal year.

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<sup>1</sup> See for example Ribeiro, Celina (2020) 'Pink-collar recession': how the Covid-19 crisis could set back a generation of women. *The Guardian*, May 20, 2020. Online at: <https://www.theguardian.com/world/2020/may/24/pink-collar-recession-how-the-covid-19-crisis-is-eroding-womens-economic-power>.

<sup>2</sup> Armine Yalnizyan and Trish Hennessy coined the term "he-cession" in 2008-9 to refer to the fact that male unemployment characterized that economic downturn. See Hennessy, Trish and Armine Yalnizyan (2009) Canada's He-cession: Men Bearing the Brunt of Rising Unemployment. *Behind the Numbers*, Vol. 10, No. 4 (July 2009). Online: [www.policyalternatives.ca/sites/default/files/uploads/publications/National\\_Office\\_Pubs/2009/HeCession.pdf](http://www.policyalternatives.ca/sites/default/files/uploads/publications/National_Office_Pubs/2009/HeCession.pdf). Yalnizyan has aptly characterized the 2020 recession as a 'she-cession.' See Trichur, Rita. (2020) It's a She-Cession: Governments Must Put Women First During the Recovery. *The Globe and Mail*, May 1, 2020. Online: <https://www.theglobeandmail.com/business/commentary/article-legislators-must-prioritize-women-combat-workplace-gender/>

<sup>3</sup> December 7, 2020 marks fifty years since the tabling of the report of *Royal Commission on the Status of Women*. Among its chief recommendations was the establishment of a federal childcare act providing for a partnership with provinces and territories to build a national childcare system. Fourteen years later, the *Equality in Employment Royal Commission* report led by Justice Rosalie Abella found that the absence of quality affordable childcare was a key barrier to women's labour force equality, and reiterated support for the *Royal Commission on the Status of Women's* call for building a national childcare system. Following this, the Liberal government of Pierre Trudeau established Canada's first and only task force on childcare and parental leaves (the *Katie Cooke Task Force*). It tabled its final report in 1986 identifying the urgency and path forward for a national universal childcare system jointly funded by the federal and provincial/territorial governments. A Special Parliamentary Committee on Child Care, established by the Mulroney government, tabled three separate reports in 1987 (one from each political party). The governing Conservatives' report, *Sharing the Responsibility*, did not follow the recommendations of the *Katie Cooke Task Force*. Almost twenty years later in 2005 under the Paul Martin government, Canada came as close as it has ever come to building a national system of childcare, with \$5 billion in federal spending promised over five years to develop a system based on principles of quality, universality, accessibility and developmental services. The Conservative government of Stephen Harper cancelled the spending and agreements in 2006. In *Budget 2017*, the Trudeau government announced \$7.5 billion investment over 11 years with its vision laid out in the *Multilateral Early Learning and Care Framework* and the *Indigenous Early Learning and Childcare Framework*, and negotiated via bilateral agreements (2017-2020) with provinces and territories. Among other things, the *Frameworks* prioritized the building of 40,000 new regulated spaces. See: Canada. *Report of the Royal Commission on the Status of Women in Canada*. Ottawa: Privy Council Office, 1970. (Cat. No. MP43-157/1-1984E-PDF) (Chair: Florence Bird). Online: [http://publications.gc.ca/collections/collection\\_2014/priv/CP32-96-1970-1-eng.pdf](http://publications.gc.ca/collections/collection_2014/priv/CP32-96-1970-1-eng.pdf)); Canada. *Report of the Commission on Equality in Employment*. Ottawa: Human Resources and Skills Development Canada. (Cat. No. C CP32-96/1970E-PDF) (Commissioner: Justice Rosalie Abella). Online: <http://publications.gc.ca/site/eng/471737/publication.html>); Canada. *Task Force on Child Care*. Ottawa: Status of Women, 1986. (Cat. No. SW41-8 1986E) (Chair: Katie Cooke). Scanned reproduction available online at: <http://crru.net/pubs/other/Report-Task-Force-child-care-1986.pdf>; Canada. *Sharing the Responsibility: Report of the Special Committee on Child Care*. Ottawa: House of Commons. (Chair:

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Shirley Martin). Online: [https://parl.canadiana.ca/view/oop.com\\_HOC\\_3302\\_23\\_2/1?r=0&s=1](https://parl.canadiana.ca/view/oop.com_HOC_3302_23_2/1?r=0&s=1)); The *Multilateral Early Learning and Child Care Framework*: <https://www.canada.ca/en/employment-social-development/programs/early-learning-child-care/reports/2017-multilateral-framework.html>; The *Early Learning and Child Care Bilateral Agreements*, and the *Canada-Québec Asymmetrical Agreement*: [www.canada.ca/en/early-learning-child-care-agreement/agreements-provinces-territories/quebec.html](http://www.canada.ca/en/early-learning-child-care-agreement/agreements-provinces-territories/quebec.html); and The *Indigenous Early Learning and Child Care Framework*: [www.canada.ca/en/employment-social-development/programs/indigenous-early-learning/2018-framework.html](http://www.canada.ca/en/employment-social-development/programs/indigenous-early-learning/2018-framework.html).

<sup>4</sup> As noted by the CRRU, home childcare is not included in the calculations for coverage for 0-5 year olds, as age break downs are inconsistently available in home childcare. See:

<https://www.childcarecanada.org/sites/default/files/ECEC2016-KeyFindings-EN.pdf>

<sup>5</sup> Technical notes background analysis, Dr. Gordon Cleveland, May 2020; and Cleveland, Gord (2018) *Affordable for All: Making Licensed Childcare Affordable in Ontario*. Toronto: Cleveland Consulting. Online: <https://www.childcarecanada.org/documents/research-policy-practice/18/03/affordable-all-making-licensed-child-care-affordable-ontari>. See also:

<https://www.childcarecanada.org/sites/default/files/ECEC2016-KeyFindings-EN.pdf>

<sup>6</sup> MacDonald, D. and M. Friendly (2020) *In Progress: Child Care Fees in Canada 2019*. Ottawa: Canadian Centre for Policy Alternatives at pp. 4-5, online:

<https://www.policyalternatives.ca/publications/reports/progress>

<sup>7</sup> Statistics Canada. *Table 14-10-0120-01 Labour force characteristics by family age composition, annual*. Online:

<https://www150.statcan.gc.ca/t1/tb11/en/tv.action?pid=1410012001&pickMembers%5B0%5D=1.1&pickMembers%5B1%5D=2.9&pickMembers%5B2%5D=3.1>

<sup>8</sup> Deng, Zechuan, R. Morissette and Dr. Messacar (2020) *Running the Economy Remotely: Potential for Working from Home During and After COVID-19*. Ottawa: Statistics Canada, May 28, 2020. Catalogue No: 45280001. Online: <https://www150.statcan.gc.ca/n1/pub/45-28-0001/2020001/article/00026-eng.htm>.

The authors (at p. 4) note that: “Financially vulnerable workers appear to have the lowest telework capacities, including those who are under the age of 25 (21%) and who have a high school diploma (25%) or less than a high school diploma (13%)... Since these characteristics are often associated with minimum-wage and low-income workers, the pandemic might be reducing workhours to a greater extent among them than among other workers.” In 2018, about 60% of those earning minimum wages in Canada were women. See Dionne-Simard, D. and J. Miller (2019) *Maximum Insights on Minimum Wage Workers: 20 Years of Data*. Ottawa: Statistics Canada, September 11, 2019. Online:

<https://www150.statcan.gc.ca/n1/pub/75-004-m/75-004-m2019003-eng.htm>

<sup>9</sup> See for example <https://policyresponse.ca/2008-vs-2020-whats-different-this-time-around/>

<sup>10</sup> See Bezanson, K., A Bevan, M. Lysack and K. Hammer (2020) *From Stabilization to Stimulus and Beyond: A Roadmap to Social and Economic Recovery* (April 6, 2020). First Policy Response, April 15, 2020. Available at SSRN: <https://ssrn.com/abstract=3580746>

<sup>11</sup> In the initial wave of the crisis, March 2020 labour force data showed that for women between 25-54 (those most likely to have children in their care), nearly 300,000 women lost their jobs (heavily concentrated in the service and retail sectors). This was more than double the number of men in the same age bracket, and women accounted for nearly two-thirds of the total jobs lost. See *Labour Force Survey March 2020*. Ottawa: Statistics Canada, April 9, 2020. Online: <https://www150.statcan.gc.ca/n1/daily-quotidien/200409/dq200409a-eng.htm>. As economies were forced to more fully shut down and additional sectors were closed, the gap between women’s and men’s employment loss began the level out. “For core-aged women, employment fell by... 13.2% from February to April, while a further ... 20.3% remained employed in April but lost all or the majority of their usual hours worked... The numbers were similar for core-aged men, with employment declining by ...12.0%, and an additional 18.6% losing all or the majority of their usual hours.” Statistics Canada notes that “while core-aged men and women had somewhat comparable overall employment losses, nearly all (92.9%) of the employment decline for core-aged men from February to April was among full-time workers, compared with 69.9% for women. This, **combined with the different industries in which men and women have lost their jobs**—for example,

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more job losses among men have been in construction, and fewer have been in retail trade—signals that the challenges associated with recovering from the COVID-19 economic shutdown may be different for women and men.” (emphasis ours) See Statistics Canada (2020) *Labour Force Survey, April 2020*. Ottawa: Statistics Canada, May 8, 2020. Online: <https://www150.statcan.gc.ca/n1/daily-quotidien/200508/dq200508a-eng.htm>

<sup>12</sup> See Canada (2020) *Parts I and II: the Government Expenditure Plan and Main Estimates*. Ottawa: Treasury Board of Canada Secretariat, at. P. II-67. Online: <https://www.canada.ca/content/dam/tbs-sct/documents/planned-government-spending/main-estimates/2020-21/me-bpd-eng.pdf>.

<sup>13</sup> Harris, Kathleen (2020) Federal Government to Provide \$14B to Provinces, Territories to 'safely' Restart Economies. *CBC News*. June 05, 2020. Online: <https://www.cbc.ca/news/politics/disabled-canadians-financial-supports-1.5599726>

<sup>14</sup> Press, Jordan (2020) Liberals Look To Buying Distressed Buildings To Save Stock Of Affordable Housing. *Canadian Press*, June 14, 2020. Online: <https://www.thestar.com/business/2020/06/14/liberals-look-at-buying-distressed-buildings-to-save-stock-of-affordable-housing.html>.