



**TO TRANSFORM CHILD CARE ...
FUND SERVICES**

A pre-budget brief presented to the House of Commons Standing Committee on Finance

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“We are faced with a [child care] situation that requires immediate action”
(1970, Royal Commission on the Status of Women).

Background

The Childcare Resource and Research Unit (CRRU) is a non-profit, non-partisan policy research institute with a mandate to work towards an equitable, high quality, publicly funded, inclusive early learning and child care system for all Canadians. CRRU works with other researchers, NGOs, advocacy groups, government policy makers across multiple levels of government and the early childhood education community. Developed in the early 1980s as part of the University of Toronto’s Centre for Urban and Community Studies, CRRU became a separate non-profit organization in 2007.

Between the 1980s and today, we have prepared countless budget briefs, briefs to Standing and Parliamentary committees, task forces, public hearings, policy papers—with the same message: Canadians – especially women – need an equitable, high quality, publicly funded, inclusive early learning and child care system. First using the term day care, then child care, now early childhood education and care or early learning and child care – the arguments have been the same.

Despite initiatives by the Liberal government elected in 2015 that had re-engaged with the issue of child care after a decade of stagnation, child care at the beginning of 2020 remained unaffordable for most families across most of Canada. Regulated child care was insufficiently unavailable and inequitably distributed. Child care was too often of mediocre quality at best, and the almost all female child care workforce remained grossly underpaid, underappreciated and inadequately supported.

The market doesn’t work for child care

All of these are a direct result of weak public policy and inadequate, poorly directed, public funding. Canada’s child care is a market, not a system. Services are not funded, so parent fees are the main source of income for most services, stretching centre budgets to cover staff wages and pricing child care out of many families’ reach. Child care services are not publicly managed or planned but “created” by individuals, parent or voluntary groups, or entrepreneurs. A result of this is that “child care deserts” are the norm, especially in rural or northern communities but also in major cities. Many parents are entirely left out of the regulated child care market – especially if they are low income, newcomers, Indigenous, minority language groups or have children with disabilities. Child care in Canada has remained a private responsibility rather than part of the social infrastructure.

It took a pandemic

It took a pandemic to finally kindle widespread recognition that quality child care is “a necessity, not a luxury”. When the coronavirus pandemic hit Canada in the spring of 2020, their financial and organizational situation made child care services exceedingly vulnerable. The reliance on parent fees as the primary source of revenue for most child care services across Canada meant that staff could not be paid when most regulated child care was closed to regular use across Canada; a national survey we conducted showed that 72% of regulated child care was closed. As a result, most (71%) child care centres laid off some or all of their staff, while for parents—especially mothers—the absence of reliable child care created daily struggles as work and family competed for their time. Feminists observed that the pandemic’s impact on women’s equality threatens to “roll back gains in women’s economic opportunities, widening gender gaps that persist despite 30 years of progress” while Canadian research showed that the employment gender gap was widening during the pandemic, particularly for low income women. Women’s labour force participation was reported to plummet from historic pre-COVID highs to the lowest in three decades.

Across Canada and across sectors, for the first time, the essential and central nature of child care for the economy’s full functioning became apparent to a much broader population and to the Government of Canada. Thus, when the federal government made child care a key component of its plan for economic recovery in the September Throne Speech, we applauded.

Transformational system-building is necessary

But as with any social program, the devil is in the details. Canadian child care needs both much more public funding and it needs much more robust, evidence-based public policy. Thus, we put forward several recommendations (below), recognizing Finance Minister Chrystia Freeland’s statement 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 principles agreed to in 2017 by federal/provincial/territorial governments—accessibility, affordability, quality, inclusivity and flexibility – offer a good foundation on which to build with solid implementation plans. While the principles and goals are common across jurisdictions, the routes to fulfilling them would not necessarily be the same, as provinces/territories/ Indigenous peoples are in different states of ELCC development, and would be responsible for designing their own systems. Partnerships and collaborations between levels of government including First Nations, Inuit and Métis, working with community stakeholders, would be a key part of achieving the common goals together. Quebec and Indigenous peoples may have different agreements with the Government of Canada with regard to arrangements for early learning and child care.

Recommendations

It will take systemic transformational system-building to put the vision of “affordable, accessible, inclusive and high quality child care from coast to coast to coast” and these principles into place. The first step, and the lynchpin needed to transform child care from a market to a system, is to **operationally fund services** so they will no longer be dependent on parent fees.

The following should be set as conditions for federal funding for beginning to build an early learning and child care system.

1. All federal funding transferred to provinces/territories for early learning and child care should be used to **fund services operationally**¹. As part of operational funding to services, each province/territory would need to design and implement a plan to make services affordable through **set and capped parent fees** and a plan for a wage grid to ensure **a system of decent wages** for staff. Thus, beginning with the budget, the first transformational step will be to provide operational funding to a more publicly managed system to regulated child care services so they can first stabilize, then grow to develop a quality child care system.
2. To address quality issues, the budget should also commit to an early learning and child care **workforce strategy**. A full Canada-wide workforce strategy would be lead by the federal government in partnership with provinces/territories, the child care workforce sector and other key stakeholders such as unions to investigate and make recommendations about wages, benefits, working conditions, education and other key child care workforce issues.
3. Each province/territory would need to develop a comprehensive, proactive **Expansion Strategy** tailored to its own situation to include (but not be limited to) capital investment to build and retrofit buildings for child care centres. Public investments would be best used to create and retain publicly owned assets. Public management in a proactive strategy means determining where services are needed, and purposefully undertaking their development and funding. Going forward, expansion should be limited to public and non-profit early learning and child care. While existing for-profit services could be publicly funded, public funds going forward will best be used to support and improve child care, not private profits.

Building the early learning and child care system would begin with the coming federal budget by ensuring that the following federal funds be used to fund child care services operationally.

¹ With the exception of capital funding

- \$2 billion in one-time spending to support full recovery of regulated early learning and child care services and to recover services for school-age children damaged by the pandemic.
- \$2 billion in sustained (on-going) funding for early learning and child care, in addition to funds already allocated in the 2017 budget) in 2021-22, growing by an additional \$2 billion each year after that (\$4 billion in 2022-23, \$6 billion in 2023-24, etc.). These additional federal funds, plus the 2017 federal budget allocations and the \$420 million committed in the Fall Economic Statement for workforce issues will be transferred to provinces/territories by the federal government.
- 20% of new funding, as the funds budgeted in 2017 should be earmarked to support the Indigenous Early Learning and Child Care Framework. The distribution and use of funds for Indigenous Early Learning and Child Care should be decided by the Indigenous Peoples responding to the distinct needs of First Nations, Inuit and Métis Nation.

We envision early learning and child care as critical social infrastructure. We urge the Government of Canada to make a commitment to putting in place— over time—a universally accessible, affordable, high quality, publicly funded, publicly managed high quality system. While there are first steps, we know from experience that shortcuts will not work. While the mature system we envision will certainly have to be phased in, getting the architecture right from the start is key.