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How child care services are created in Canada

Child Care Resource and Research Unit January 2022

MOVING
FROM PRIVATE
TO PUBLIC
PROCESSES.

A SERIES ON
CREATING
CHILD CARE
IN CANADA

Childcare Resource
and Research Unit

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About the series

One aspect of Canadian child care provision is that the supply of child care services is too limited to meet demand, unevenly distributed and inequitable in terms of location. The primary reason for this is that “creating” child care services in Canada has mostly been treated as a private responsibility. This private approach is in contrast to public processes where governments take responsibility for ensuring that child care services are developed where and when they are needed.

As Canada begins to fulfill a historic commitment to build a universal early learning and child care system, the challenge of limited, uneven, inequitable child care availability must be tackled systemically—a more publicly managed, planned, intentional approach based on greater public responsibility for ensuring the availability and determining the characteristics and distribution of regulated child care.

This series of short, topical papers covers the importance of designing effective child care expansion strategies and some elements that can contribute to developing them. The series is based on a longer publication, [*Moving from private to public processes to create child care in Canada*](#) (2020), and has been revised and re-developed in this more accessible series format to reflect current Canada-wide policy developments.

Creating child care services

We often hear about new child care spaces or a centre being “created”, sometimes by a provincial or territorial government or even the federal government. What usually isn't spelled out is how those spaces are actually created, and by whom. Who is responsible for initiating a child care program? Who determines where it is, what groups of parents and what ages of children it's intended for? What language will be spoken? Will it be inclusive? How is it decided what kind of physical space or building it will be in or what curricular or pedagogical approach it will take? And what financial and human resources are available to do all this?

In Canada, whether or not child care services are available so parents can go to work and children can be well cared for mostly rests on whether private individuals initiate their creation, take it through the development process, maintain it, finance it, and sometimes decide when to shut it down.

This is not new; an Ontario government policy paper described this in 1981:

The responsibility for planning and developing day nurseries in Ontario is left to initiatives in the community...Because of the reliance on community initiatives, the Province has little ability to influence the extent or location of services. While the Province marginally influences the types of centres developed by providing capital grants to public and non-profit organizations, there are great variations in the types and distribution of services from region to region, county to county and municipality to municipality (Ministry of Community and Social Services, Ontario, 1981: 24).

Too often, what is now widely considered to be an essential community service is at the behest of private interests, which may be policy or mandate-related or associated with [private financial needs](#) or interests. This is not merely anecdotal. A study by University of British Columbia researchers Kershaw, Forer & Goelman, *Hidden fragility: Closure among*

licensed child care facilities in British Columbia (2005), found that 34% of surveyed centres and 48% of surveyed licensed family child care homes closed down over a four-year period, showing that the child care service so many parents rely on is a fragile and too often ephemeral operation.

Child care researcher Susan Prentice has called this a "[popcorn model](#)". She observes that much of Canadian child care "pops up" rather than being planned intentionally and systematically, and she notes the limited, unequal access that is the result. Prentice observes that in Manitoba—where some elements of child care funding policy such as systemic operational funding and set parent fees have been developed in a more systemic, "public" way than in some other provinces—the responsibility for initiating and developing services is almost entirely carried out by non-profit¹ community groups (Robertson, 2019). In all provinces/territories, developing a child care centre is ordinarily set in motion, maintained and may be closed down by voluntary organizations, parent groups or large and small entrepreneurs — all private actors with their own limitations, agendas and interests. Though there are some notable exceptions to this approach across Canada, the default assumption is that developing child care is a private responsibility, with governments' usual roles in developing and maintaining child care being secondary and relatively limited.

Governments have many responsibilities for child care in Canada. Since 2017, the federal government has transferred funds to provinces/territories under bilateral agreements associated with the Multilateral Framework Agreement on Early Learning and Child Care (Pasolli, 2019), and to Indigenous organizations in association with the Indigenous Early Learning and Child Care Agreement.

The 2021 federal budget heralded a new era for the federal government's role in child care. It committed to spending more than \$30 billion over five years to expand accessibility and affordability for regulated child care across the country based on federal conditions and bilateral agreements with the provinces and territories. One of the expectations

¹ As a result of provincial child care policy, most Manitoba child care has long been not-for-profit, with a very small for-profit sector.

is that there will need to be substantial expansion of child care services in all regions of Canada.

Provincial/territorial governments—which have the main jurisdictional responsibility—and municipal governments in Ontario administer, define, facilitate and fund many elements of child care. All provinces/territories regulate characteristics of physical facilities and environments, such as square footage per child, presence, size and proximity of outdoor space, kitchen facilities if food is prepared on site. All provinces/territories provide some operating funding and some lower-income eligible families receive help paying fees in the form of fee subsidies in all jurisdictions except Quebec (Friendly, Feltham, Mohamed, Nguyen, Vickerson, & Forer, 2020). At different times, some provincial/territorial governments have made capital funds available to private non-profit or occasionally to for-profit child care operators, often through grant programs or by identifying general priorities for service development, for example, child care in workplaces.

Some of the provinces/territories have – at different times – undertaken proactive initiatives at different times to assist with or motivate development of child care services to meet identified priorities. In [one example](#) under Newfoundland and Labrador's Capacity Initiative, community groups have conducted surveys and documented the need for child care in their communities; in 2017, five centres were chosen and announced, all to be developed and maintained by not-for-profit community organizations. In another example, Nova Scotia's [Strategic Growth Initiative](#) prioritized creation and expansion of child care in under-served communities, including Acadian/Francophone, African Nova Scotian, Indigenous, newcomer communities and rural communities, especially infant-toddler care. Across Canada, although there have been a number of such initiatives, they have often not been sustained.

But across Canada, developing child care provision has most often been treated as a private responsibility, with government playing a regulatory, supporting and occasionally facilitating role for the creators and managers of most Canadian child care services—large and small non-profit

"third sector"² groups and large or small entrepreneurs— rather than by ensuring through ongoing public processes that child care services are available where, when and for whom they are needed like schools, roads, electricity or sewers — part of the infrastructure.

The current context for early learning and child care in Canada

Canada's child care supply

As local news articles, government press releases and the available data describe, new child care is regularly being created in cities and towns across Canada. As a result, the net supply of licensed child care has regularly increased in every region of Canada over the years.³ Considering child care across Canada as a whole, data from the Childcare Resource and Research Unit show that availability of licensed child care for children aged 0-12 years grew from more than 370,000 spaces in 1992 to 1,506,658 spaces in centres and regulated family child care in 2019 (Friendly et al., 2020). This means that regulated child care spaces grew more than three-fold over almost 30 years. Thus, there is no doubt that new child care is being created in Canada.

At the same time, the employment rate of mothers has increased considerably to 72% of mothers with a 0-2-year-old (youngest child) and 78% with a 3-5 year-old youngest child, while the number of children, though fluctuating, has remained approximately the same over that time period (Friendly et al., 2020).

What do these data show about Canada's track record on growing the child supply to meet the need? Over the past 30 years, [coverage](#)⁴ in child

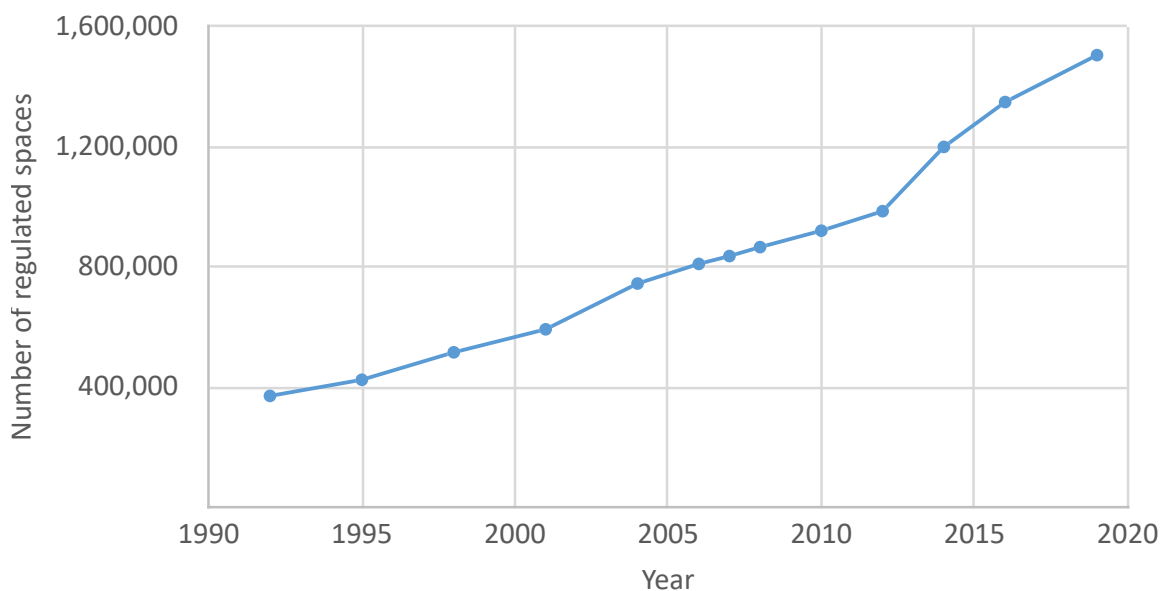
2 The **third sector** is defined as neither profit-making nor public; it includes charities, social enterprises and voluntary groups that deliver essential services, help to improve people's wellbeing and contribute to economic growth.

3 The data reported here represent net child care space growth, not new or additional spaces. Although data on licensed child care spaces that ceased to operate are not consistently available, it appears that there may be significant numbers of these. See Kershaw, Forer and Goelman, 2005, cited earlier.

4 "Coverage" is defined as the percent of children for whom a regulated child care space is available. It does not take into account whether it is affordable, high quality or fits parents' work or other schedules, culture or preference.

care centres for 0-5 year olds grew from 11.5% in 1992 to 26.9% in 2019 (Friendly et al., 2020). But although that is a substantial increase, the coverage rate remains at only a little more than one-quarter of the population—after 50 years of debate about child care needs and provision. Over that same period of time, provision of early learning and child care has grown in many other countries to cover virtually all children from age three, with coverage rates for younger children at significantly higher rates than in Canada (UNICEF, 2008).

FIGURE 1 Number of regulated child care spaces (centre and home) for children 0-12 (1992-2019)

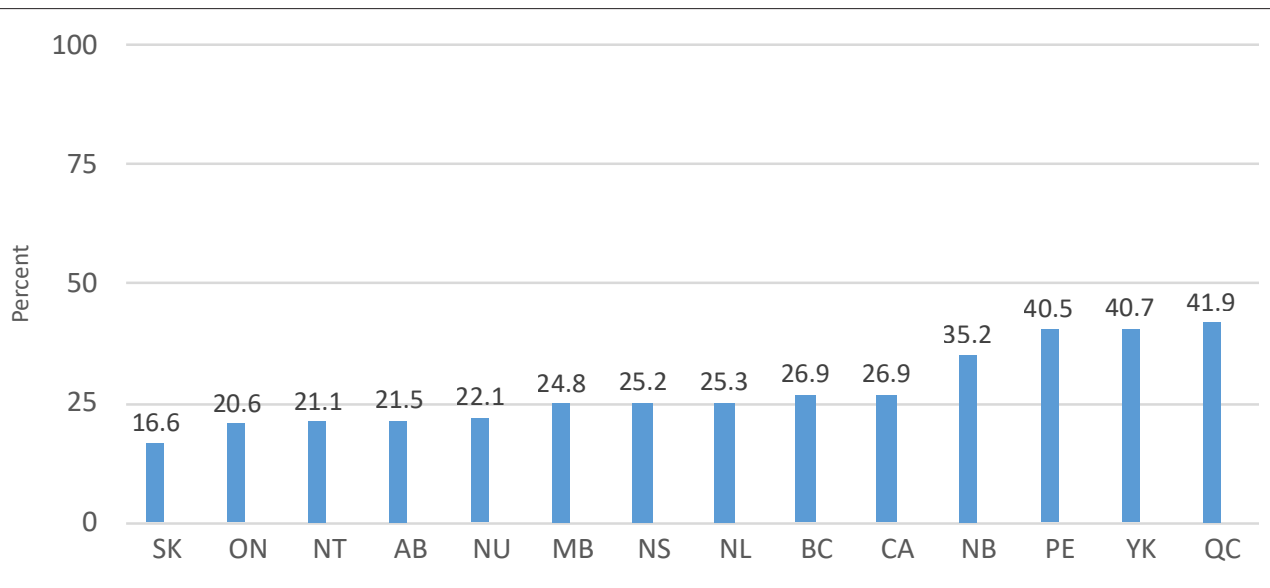


Child care coverage in Canada is also uneven in multiple ways. Total coverage is very uneven between provinces/territories, with overall coverage ranging from 16.6% in Saskatchewan to 41.9% of 0 – 5 year olds in Quebec in licensed centres. When it comes to infants—under 18 months or two years, depending on the province/territory—the availability of licensed child care for the age group is much lower than the total coverage. For example, fewer than 80,000 of 465,000 spaces in centres in Ontario in 2019 catered to 0-2s while 21,363 of 115,487 spaces in British Columbia were for the same youngest age group in 2019 (Friendly et al., 2020).

Child care coverage is uneven within individual provinces/territories as well. A 2018 Canadian study which defined a child care “desert” as a

postal code where there are at least three children in potential competition for each licensed space, illustrates this well (Macdonald, 2018). The Canadian Centre for Policy Alternative’s analysis of [child care “deserts”](#)⁵ showed that while Canada’s larger cities generally had better child care coverage than areas with less population density, this did not apply to all cities. Additionally, within cities, it did not apply to all neighbourhoods either; even in the cities best supplied with child care, services were likely to be limited or unavailable in some neighbourhoods, and for some populations. This consistent unevenness means that today, many or most rural, suburban communities and smaller towns can be described as “child care deserts”, with very few or even no child care centres or regulated family child care at all, as can some neighbourhoods in larger cities (Macdonald, 2018).

FIGURE 2 Percent of children 0-5 years for whom there was a centre space by province/territory (2019)



Canada’s dismal track record in creating adequate child care services

Why is Canada’s track record at providing an adequate supply of child care so dismal compared to many of our peer OECD countries? Over the

⁵ Defined as a postal code where are at least three children in potential competition for each licensed space.

years, there has been considerable attention to Canada's underfunding of child care services and the high parent fees that result; affordability is clearly a long-term significant child care issue in Canada especially for costly-to-deliver services like infant care and child care for non-standard hours workers (Lero, Prentice, Friendly, Richardson and Fraser, 2019).

But there is also clearly a lack of available supply of child care spaces, especially in some communities, as waiting lists, waiting list fees, and ongoing parental pressure indicate. Based on the available evidence from research and comparative analysis, this paper takes the position that a reasonable explanation is that there is no organized, regular, systematic approach to plan and "create" services where and when they are needed, as in countries with better distributed and available child care (Korpi, 2007). Thus the questions "Who's creating child care services?" and "Is Canada using the best, most effective ways of creating child care?" are appropriate, significant and timely.

Canada's child care market

Child care in Canada has always followed a market model. In Canada's marketized child care model, there is a close relationship between availability of services and affordability of parent fees. Public funding to operate child care is limited in most of Canada, so whether or not a service can set up and operate sustainably depends on whether a critical mass of parents who can pay the fee is available. Thus, relying on the market to create child care almost always fails to deliver needed services when, where and for whom they are needed.

But whereas many countries' early learning and child care systems characterized by much less commodification and much more public management began in a way similar to Canada—Sweden, Norway, Denmark, France, Slovenia—these have since been reshaped into more publicly managed systems (OECD, 2001, 2006; Stropnik, 2001). A Swedish government report describes the public policy, funding and ongoing initiatives that created a ten-fold expansion of child care provision in Sweden beginning in the 1970s when "the informal child care sector, primarily private day care mothers who in the absence of other

alternatives provided a large part of child care” was replaced by largely municipally delivered services as “the expansion of child care became the increasingly dominant task of family policy” (Korpi, 2007: 33).

UK child care researchers Eva Lloyd and Helen Penn have described a child care market as “a situation in which the state has relatively little influence on or interest in how services for young children are set up, maintained and delivered rather than a public or publicly-managed system based on the ideas of communal obligations and social citizenship” (Lloyd & Penn, 2012: 19). This is a good description of the Canadian child care experience. Rather than building a public, or publicly managed system, market forces shape, create, maintain, deliver and finance Canadian child care. In every part of Canada, federal and provincial/territorial government policy or its absence has encouraged reliance on the child care market, though there is substantial variation in how, and how much, child care services are publicly funded among the provinces/territories.

A market approach to child care is multifaceted; a number of characteristics make up market approaches to child care. In Canada, relying on a market model for child care means that:

- 1 Parents pay the bulk of the cost of operating child care in most of Canada. Although services receive some public funding, they primarily rely on parent fees;
- 2 Much of the public funding that is available is delivered to, or paid on behalf of, individual parent-consumers in the form of payments to (or for) individuals such as parent fee subsidies and tax breaks. These include the federal Child Care Expense Deduction, Ontario’s and Quebec’s tax credits reimbursing family’s child care fees, and the individual fee subsidies paid to services on behalf of parent fees in almost all provinces/territories;
- 3 Maintaining, managing and sustaining regulated child care services is almost always a private responsibility in Canada, with voluntary boards of directors—parents or voluntary

organizations—or entrepreneurs taking responsibility for financing and decision making, and little publicly delivered child care;⁶

- 4 Regulation is limited to only some child care (most child care centres and some family child care homes, in contrast to unregulated/unlicensed/informal child care, which is primarily family child care, usually in providers' private homes). Unregulated child care in which there is only the most limited public oversight (upon complaint or a crisis situation) still provides child care for a substantial number of Canadian children;
- 5 Almost all child care in Canada is private — private non-profit or private for-profit. That is, there are very few regulated child care services operated by public entities such as municipalities or education authorities. About 36% of regulated child care centre spaces are operated on a for-profit basis, with much bigger for-profit sectors in some provinces/territories (Friendly, 2019);
- 6 Where, when, for whom, and how child care services will be developed, or “created” are almost always private decisions, as is whether a child care service shuts down.

As we have noted, this series is focused on this last aspect of a child care market—creation of child care services.

⁶ Note that this paper is primarily about regulated child care, not about kindergarten provided as part of school systems across Canada. Nevertheless, kindergarten is clearly part of “early childhood education and care” and part of many families’ child care arrangements, as is elementary school. This is an important issue which is beyond the scope of this particular paper.

Child care and the COVID-19 pandemic: New, critical implications for child care accessibility

As we have discussed, the issue of shortages, uneven distribution and inequity of child care is nothing new in Canada. But the COVID-19 pandemic raised this key child care policy issue in a new way, highlighting why—in the wake of the acute phase of the pandemic—being able to manage child care supply in a more public way is more important than ever before (Friendly, Ballantyne & Anderson, 2020).

For Canada, like other countries with fragile, weakly publicly supported early learning and child care provision such as the United Kingdom, Australia and the United States, the pandemic has brought home to many new players the realization that child care is an essential service. That is, accessible child care is required if mothers of young children are to participate in the workforce, and if they are unable to fully participate in the workforce. This is not only a problem for their family finances and career aspirations but it will impede recovery of the economy from COVID-19. The acute phase of the pandemic made it painfully obvious that there must be quality, reliable, affordable child care for parents deemed “essential workers” – medical workers and others – if they are to get to their critical jobs. It has also become just as obvious that child care is necessary for all parents in the paid labour force including parents who are working from home, who have found it impossible to work fully or productively without child care (Ferguson, 2020). Mothers, particularly, had to balance their paid work with the unpaid work of caring for, or “home schooling”, their children. Indeed, a Statistics Canada survey found that parents’ “top concern was balancing child care, schooling and work” (74% were very or extremely concerned) (2020). Research and analysis of Statistics Canada labour force data by Qian and Fuller show women are bearing the brunt of the burden (2020).

Paradoxically, the pandemic also revealed the fragility of Canada’s child care provision in a new way. Child care—with only limited public funding in most of Canada—relies heavily on parent fees to support the patchwork of child care services, which is delivered by an underpaid,

almost all female workforce. Without sufficient public funding, most child care services are financially tenuous. A national Canada-wide survey of more than 8,000 regulated child care services⁷ reported that more than one-third of centres closed by the pandemic said they were uncertain whether they would reopen, with anticipated lower enrolment due to new COVID19-related smaller groups (thus, fewer parent fees). This is overwhelmingly a significant threat to their financial viability (Friendly, Forer, Vickerson, & Mohamed, 2020).

But it is not only the low level of public funding that keeps Canadian child care services fragile. The failure of governments to assume responsibility for ensuring access to child care by funding, creating and maintaining quality child care services is a pervasive issue. Thus, as health and safety issues associated with the pandemic have created chaos for service providers, parents and policy makers alike, the practical responsibility for keeping child care services financially viable and open with reduced capacity remains the private responsibility of voluntary groups and entrepreneurs. The national survey of regulated centres and family child care homes found that in May 2020, more than one-third of closed services (36% of centres and 38% of family child care providers) were uncertain that they would reopen (Friendly et al., 2020b).

Practically, this means that even a smaller proportion of children can be served than before the pandemic. Without an established public management approach to recovering, maintaining and expanding child care provision, economic activity in Canada will continue to be impeded as parents, especially women, cannot secure affordable quality child care⁸ so they can go to work. This may well mean that when the economy begins to recover as the pandemic moves out of the critical phase, reduced child care services will be far from able to accommodate parents trying to return to work. Thus, the question “who creates child care?” is a critical one –not only for families but for Canada’s well-being.

7 The survey included full and part time child care centres and regulated family child care homes for children aged 0-12 years. There were valid surveys for 8,300 services - 5,729 centres and 2,571 family child care homes.

8 This paper does not address the question of de facto provision of child care by elementary schools as their closure too, created child care chaos for parents.

Conclusion

With the 2021 federal budget, Canada has undertaken a historic process of building a universal, cross-Canada child care system. But our child care goals cannot be achieved without much more assertive, planned, publicly managed, intentional expansion strategies. This will require a shift in mindset, away from assuming that creating child care is a private responsibility (that is, relying on “the market”), toward the idea that building a child care system includes a transformational shift to public responsibility for the availability and distribution of regulated child care.

This will be key in determining whether Canada “gets the architecture right” for building a child care system that will be able to meet the ambitious goals in the future.

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