

## **Child Care Advocacy Association of Canada**

### **Responses**

#### **1. Economic Recovery and Growth**

*Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?*

In 2012, the Child Care Advocacy Association of Canada (CCAAC) continues to call for public policy development and public investment in a quality, inclusive, publicly funded, non-profit early childhood education and care (ECEC) system. This is the right thing to do for children, families and communities, and a powerful booster for the Canadian economy. Evidence shows that a system of early childhood education and care will yield substantial social and economic benefits. Currently child care in Canada is in a state of crisis. It is a fragmented patchwork that demonstrates the failure of a market-based approach to the development of child care services. Evidence of this crisis can be seen across the country in: • unaffordable fees for parents; • shortage of child care spaces; • poor wages and working conditions for child care providers; • growth in commercial child care chains. This crisis stands in stark contrast to the global recognition of early childhood education and care as a right of every child, a right that is affirmed by the United Nations Convention on the Rights of the Child, to which Canada is a signatory. (1) Canadians expect our government to live up to its international treaty obligations. Furthermore, a majority of Canadians polled support a national child care program. (2) National and international studies show that child care grows the economy. Economist Robert Fairholm led a study funded by the Child Care Human Resources Sector Council (CCHRSC) that found that investing in child care provides the greatest benefit of all sectors in the Canadian economy. (3) • Child Care is a strong economic stimulus: for every dollar invested in child care, the GDP is increased by \$2.30. This is one of the highest GDP impacts of all major sectors. (4) • Child Care investments carry a benefit-to-cost ratio of 2.54 to 1. (5) • Investments in a child care workforce also generate increased revenues for both federal and provincial governments, almost equaling the amount invested in direct labour costs. (6) 1. <http://www2.ohchr.org/english/bodies/crc/docs/AdvanceVersions/GeneralComment7Rev1.pdf> 2. 2008 Environics Report Attitudes toward child care, June 2009 Harris Decima Poll 3. Robert Fairholm, Child Care Human Resource Sector Council ([http://www.csc-cssge.ca/sites/default/files/uploads/Projects-Pubs-Docs/2.8-WFS\\_LitSocioMain\\_Eng.pdf](http://www.csc-cssge.ca/sites/default/files/uploads/Projects-Pubs-Docs/2.8-WFS_LitSocioMain_Eng.pdf)) 4. Robert Fairholm, ([http://www.oise.utoronto.ca/atkinson/UserFiles/File/EarlyLearningEconomicForum\\_Fairholm.pdf](http://www.oise.utoronto.ca/atkinson/UserFiles/File/EarlyLearningEconomicForum_Fairholm.pdf)) 5. Robert Fairholm, ibid 6. Robert Fairholm, ibid

#### **2. Job Creation**

*As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?*

Attracting and retaining a skilled workforce increases Canada's ability to compete in a knowledge-based economy. In developing national strategies to support job creation, public investment in ECEC must be seen as a top priority. However, despite child care's demonstrated potential for supporting people to work or be trained, we continue to face a chronic shortage of child care spaces across the country, with about 80% of children from 0 to 5 years of age left out of any form of regulated child care. This shortage

of spaces not only represents a crisis in the lives of families desperately seeking child care, but it also comes with a high economic cost, namely the lost opportunities for many parents, particularly mothers of young children to participate in the workforce. Investments in an accessible and affordable public ECEC system would generate opportunities for job creation, increased family purchasing power and additional tax revenue by supporting more parents to enter the workforce and they would more than pay for themselves. • According to research related to employment multipliers, child care is found to be the biggest job creator: investing \$1 million in childcare would create almost 40 jobs, at least 43% more jobs than the next highest industry and four times the number of jobs generated by \$1 million in construction spending. (7) • In the province of Quebec, having a child care program that serves about half of Quebec children under the age of five has allowed “an additional 70,000 women with young children to enter the labour force, a 3.8% increase in women’s employment overall. The ripple effect of this increase in working mothers’ employment contributed an additional \$5.2 billion to the provincial economy and increased Quebec’s GDP by 1.7%. Furthermore, the impact of working mothers’ increased purchasing power and taxes paid, along with reduced social transfers, means that for every dollar Quebec invests in its child care system, the province currently recovers \$1.05 and Ottawa recovers 44 cents – for an additional \$700 million in federal revenue.” (8) 7. Robert Fairholm, *ibid* 8. Pierre Fortin, Luc Godbout and Suzy St-Cerny, *Economic Consequences of Quebec’s Educational Childcare Policy*

### **3. Demographic Change**

*What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?*

Child care should factor in any national strategy to ensure the training of skilled workers who will replace Canada’s retiring workforce. Its potential can be optimized by investment in a national public ECEC system, but the federal government must take a leadership role. To abdicate this responsibility is a failure to recognize the importance of this sector to the support and renewal of the Canadian labour force in the face of an aging population and skill shortages. Canada’s poor record on child care is evidenced by its shockingly low scores in international studies looking at the state of ECEC in developed countries: • The OECD rated Canada last in the percentage of GDP spent on early learning and child care among 14 developed countries. (9) • Canada also scored last in the area of access to preschool programs among 20 countries. (10) • A UNICEF report rated Canada last among 25 developed countries looking at 10 benchmarks related to preparing children for the transition to school. (11) These outcomes show that Canada’s reliance on the private sector to develop child care has been a mistake. But despite the failures of the market place to develop high quality child care, commercial and publicly traded child care chains are growing in Canada. In this model, public funding, which these chains typically rely on, go to profits for shareholders rather than quality, affordability and accessibility for children and families. Instead, “Canadian governments can actually save money by providing universal, quality and accessible public child care from higher tax revenues and lower spending primarily associated with increased workforce participation of mothers. The program more than pays for itself even in the short term: there is no financial reason for governments not to establish universal child care programs.” (12) 9. OECD. (2006). *Starting Strong II: Early Childhood Education and Care. Annex C*, pg. 246 <http://www.oecd.org/newsroom/37425999.pdf> 10. OECD. (2006). *Starting Strong II: Early Childhood Education and Care. Country Profiles*. 11. [http://www.unicef-irc.org/publications/pdf/rc8\\_eng.pdf](http://www.unicef-irc.org/publications/pdf/rc8_eng.pdf) 12. Pierre Fortin, Luc Godbout and Suzie St-Cerny (2012). *Impact of Quebec’s Universal Low-Fee Childcare Programs on Female Labour Force Participation, Domestic Income and Government Budgets, Working Paper 201202, Universite de Sherbrooke, May 2012.* [http://www.usherbrooke.ca/chaire-fiscalite/fileadmin/sites/chaire-fiscalite/documents/Cahiers-de-recherche/Etude\\_femmes\\_ANGLAIS.pdf](http://www.usherbrooke.ca/chaire-fiscalite/fileadmin/sites/chaire-fiscalite/documents/Cahiers-de-recherche/Etude_femmes_ANGLAIS.pdf)

#### **4. Productivity**

*With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?*

Investment in a pan-Canadian system of ECEC has the potential to support Canada's economic recovery directly through job creation. Economic studies clearly identify the spin-off benefits of investing in child care, which is in itself a job creator. It also provides practical supports through workforce attachment and on-going job retraining for parents of young children. However, chronic ECEC workforce issues are serious roadblocks to realizing this promise. While research has shown a strong correlation between high quality in child care programs and proper compensation for the work, the fact remains that child care providers continue to have low wages and poor benefits and working conditions. Child care providers are among the lowest paid workers in Canada. As a result there has been high turnover and a crisis in their recruitment and retention. (13) Some of the economic impacts of these labour force issues, identified by economist Robert Fairholm, include: (14) • workforce shortages of child care workers averaging 5,000 per year in recent years; • net national economic cost of these shortages estimated at over \$140 million for the period from 2001 to 2007; • shortage of child care workers also held back parents from entering the workforce. In total, it meant a loss of almost 50,000 person years of employment for child care workers and parents during the same period. Investing in a public ECEC system that addresses the chronic low rates of pay and poor working conditions of child care providers will remedy workforce shortages and more adequately meet the needs of Canadian children, families and communities as well as boosting the economy. • Having properly compensated staff will result in improved quality in child care programs through higher staff retention and stabilization in child care programs. • Investing in training and hiring people in the child care sector will reduce growing youth unemployment. • Social benefits and government revenues from more child care workers will exceed the costs of training. 13. Robert Fairholm, *ibid* 14. Robert Fairholm, *ibid*

#### **5. Other Challenges**

*With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?*

Despite past federal commitments to eliminate child poverty in Canada by the year 2000, the national child poverty rate persists virtually unchanged. The most recent statistics show that more than 639,000 children in this country are living in poverty. (15) Child Care remains a pillar in a national poverty reduction strategy. "A system of universally accessible, high quality ECEC services ... [is] one of the key components of a well-developed strategy to reduce and ultimately eradicate poverty." (16) Quality child care: • supports children's optimal development and provides them with a strong foundation for their school experiences; • supports parents to participate in the workforce or to study and to take part in the broad range of civic life; • promotes social inclusion; • advances women's equality. According to data from the 2011 Census of population, the number of children 4 years old and under grew by 11.0% between 2006 and 2011. This was the highest growth rate for this age group since the 1956 to 1961 period during the baby boom. It was also the highest growth rate of all age groups below age 50 between 2006 and 2011. (17) Also, working families with preschool aged children have experienced a decline in their standard of living. Today's young families often face huge student debt, high housing costs and crippling child care costs. "Compared to the previous generation, young families have less time together, less household income after housing and insufficient services to balance work and young kids." (18) In the context of this evidence, it is unacceptable that: • Child care fees across Canada are unaffordable, typically the second highest cost to families after housing. • Despite the fact that over

70% of mothers are in the work force, there are only enough child care spaces for about 20% of families who need them. A universal, affordable, quality ECEC system will increase child care accessibility to the growing number of preschool-aged children, alleviate the financial burden of child care costs on young families and allow working families to get ahead of increasing housing costs and stagnating incomes. 15. <http://www.dignityforall.ca/en/report-card-child-and-family-poverty-canada> 16. Laurel Rothman, Child Care and Poverty Reduction: Where's the Best Fit? <http://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2009/04/Child%20Care%20and%20Poverty%20Reduction.pdf> 17. <http://www.statcan.gc.ca/daily-quotidien/120529/dq120529a-eng.htm> 18. <http://blogs.ubc.ca/newdealforfamilies/new-deal-for-families-2/>