



Submission for the Pre-Budget Consultations in Advance of the 2021 Federal Budget

Submitted by:  
Child Care Now (Child Care Advocacy Association of Canada)

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Ottawa, Ontario

**Recommendation 1:**

That the federal government start building a resilient publicly funded and publicly managed system of universally available, affordable, high quality, inclusive and flexible early learning and child care (ELCC) services that meet the needs of different regions and of different Indigenous peoples, wherever they live.

### **Recommendation 2:**

That the federal government fund the immediate establishment of a federal child care Secretariat to support the building of a pan-Canadian system of early learning and child care in partnership with the provinces, territories and First Nations, Inuit and the Metis Nation governing bodies. The Secretariat's mandate would also work with and alongside the already established Indigenous Early Learning and Child Care Secretariat to support the implementation of the Indigenous Early Learning and Child Care framework, and take a distinctions-based approach to strengthening Indigenous early learning and child care in all parts of the country, ensuring that the needs of First Nations, Inuit, and Metis Nation children and families are also wherever they live, including those living on and off reserve and in urban settings.

### **Recommendation 3:**

That the federal government set aside \$2 billion in a reserve fund (to supplement the \$625 million transfer to the provinces and territories for ELCC under the Safe Restart agreement) to assist further (as required) the safe reopening of licensed child care. Such funds must be earmarked for:

- Restoration and expansion of the number of licensed child care and early learning spaces that existed prior to the pandemic
- The establishment and operation of additional child care programs for school-age children up to age 12 if/when/where schooling is not available because of public health concerns
- Increases in wages and other compensation for those who work in early learning and child care to ensure the return and retention of ELCC staff to the sector
- Stabilization of parent fees and also reductions to the extent possible

### **Recommendation 4:**

That the federal government build on the allocations for ELCC in the 2017 federal budget, and on the government's 2019 election promises, by allocating \$2 billion for ELCC in 2021-22 and also commit to increasing the allocation each year after by \$2 billion (that is, \$4 billion in 2022-23, \$6 billion in 2023-24, etc.) so that Canada can



establish a high quality system of inclusive and responsive ELCC and gradually expand it to provide affordable ELCC for all who want it.

**Recommendation 5:**

That the federal government commit to ensuring universal entitlement to at least twelve months of parental benefits providing adequate levels of financial support to parents, after the birth or adoption of a child. Parental benefits must be provided in addition to maternity/pregnancy benefits available to birthing mothers before and immediately after a birth.



### No recovery without child care

The COVID-19 pandemic has confirmed what child care advocates have said in every one of our previous submissions to the House of Commons Standing Committee on Finance Committee: high quality, safe and accessible early learning and child care services are essential services. Parents in the paid labour force—particularly mothers—who have young children need child care in order to work. When parents can't work, the economic and social repercussions are extensive. The pandemic made this truth undeniable; this is why the clamour across the country for government action on child care is so widespread and growing.

As we have seen so clearly in the last months, when parents do not have access to child care, mothers (much more often than fathers) are forced from paid employment to carry out unpaid care responsibilities in the home. The resulting drop in household income destabilizes the economic security of families, which is a well-documented determinant of health and wellbeing. A loss of employment income also means a loss of tax revenue for governments. The exit of mothers from the paid labour force shrinks the economy for everyone.

A recent report by the Royal Bank of Canada noted that in April 2020 women's workforce participation dipped to 55 per cent for the first time since the mid-eighties. The report states that "beyond the strain these job losses have placed on families and individual women—who have borne the brunt of child-rearing responsibilities as schools and daycare close—their impact on Canada's overall economic growth has been severe." Statistics Canada data shows that women have recovered jobs at a much slower rate than men. The Royal Bank of Canada projects this will have a significant impact on the hit to GDP.

Economic recovery from COVID-19 requires that the federal government address the problem of women's labour force participation quickly and effectively. As economist Armine Yalnizyan said when she appeared before the Finance Committee a few months ago, "there will be no recovery without a "she-covey", and there can be no "she-covey" without child care."

### No going back: Canada needs better

Tragically, it has taken a public health crisis to lay bare the fragility of Canada's approach to ELCC. Almost all provinces/territories ordered child care programs to close during the pandemic (with limited services for essential workers), and then took different and changing approaches to supporting the sector through the shutdown. A survey carried out in May by the Childcare Resource and Research Unit, Child Care Now and the Canadian Child Care Federation found that 70 per cent of licensed child care



centres laid off all or part of their workforce during the pandemic. One-third of the centres across Canada reported they were uncertain about reopening. Child care could lose thousands of educators who will not return to low-wage work in child care when other employment opportunities open up again.

Even before the pandemic, our country was experiencing a critical shortage of licensed child care programs. This is because in Canada (even in Quebec) ELCC is fragmented, under-funded and the provision of services are market-based. Most licensed programs (although fewer in Quebec) rely primarily on parent fee revenue. As a result, fees are very high and unaffordable for most. The predominantly female workforce earns low wages and any raise in compensation and other quality improvements translate into even higher parent fees. As a result, recruitment and retention of qualified early childhood educators is a perpetual serious concern.

The construction of an accessible, affordable, quality, inclusive system of ELCC, with fairly compensated early childhood educators at the heart, is now essential if Canada is to forge a resilient and just future, and also become the best possible place for children. Millions of workers have lost their jobs and income because of the pandemic. A sustainable economic recovery relies on their ability to regain their earning power. But before parents of young children can return to work, they need access to affordable child care programs that meet their diverse needs. This is particularly true for those who have suffered disproportionately through the pandemic: racialized mothers, mothers with disabilities, mothers in precarious jobs, and those with low incomes.

### Going forward

Child care advocates, supported by an array of policy experts and economists and a long list of proponents of a just, equitable and sustainable recovery, propose a two-phased federal approach to repairing and reconstructing ELCC in the aftermath of COVID-19.

#### *Phase 1 Recovery (through March 31, 2021)*

The federal government has already committed \$625 for the recovery of ELCC over the next 6 to 8 months in the Safe Restart agreement with the provinces and territories. Unfortunately, there are no conditions attached to this new transfer—at least none that have been announced. As well, the level of funding will likely fall short of what is needed to ensure a safe restart of child care programs, and make affordable child care available to all who need it. This will certainly be the case if the second and subsequent surges of the virus happen as predicted.



We recommend that the federal government set aside a further \$2 billion to provide the ELCC sector additional support to be transferred to the provinces/territories as needed. We recommend that the money be earmarked for:

- Restoration and expansion of the number of licensed child care and early learning spaces that existed prior to the pandemic
- The establishment and operation of child care programs for school-age children up to age 12 through the remainder of summer and into the fall and winter. Parents need access to quality programs before and after school hours, and/or during regular school hours if /when/where schooling is not available because of public health concerns.
- Increases in wages and other compensation for those who work in early learning and child care to ensure the return and retention of ELCC staff to the sector
- Stabilization of parent fees and reductions to the extent possible.

During this first phase, the federal child care Secretariat mandated by the Prime Minister of Canada must be established. It should monitor and evaluate recovery of ELCC programs and report on how federal funds are being used, and start planning for the reconstruction of a robust pan-Canadian system of ELCC, including the development of comprehensive workforce and expansion strategies.

#### *Phase 2 Reconstruction (starting April 1, 2021)*

In the second phase of our proposed strategy, the federal allocation for ELCC (set out in the 2017 federal budget) would be boosted to \$2 billion in 2021-22 and add a further \$2 billion each year thereafter, earmarking 20 per cent of the annual total to support implementation of the Indigenous Early Learning and Child Care Framework.

The focus of the federal government would be on expanding availability of licensed child care, making ELCC more affordable, and improving the quality of programs primarily through the development and implementation of a workforce strategy and application of the best available evidence.

To make progress on these fronts, the federal government would negotiate bilateral funding agreements with each of the provinces/ territories. These agreements would provide for federal funds to be directed to enhancing the public management of ELCC, and to increasing operational (supply-side) funding of early learning and child care programs.



### It's about the economy and much more

Canada's poor ELCC performance has been identified by many domestic and international investigations long before the pandemic. For example, a working paper published by the International Monetary Fund in July 2017 made a case for a much stronger federal role in both funding and policy. The authors of the paper provided evidence that a boost in federal spending of \$8 billion on ELCC (still well below the recommended international benchmark of 1 per cent of GDP) would translate into a significant increase in the participation of women in the paid labour force, raising GDP by 2 per cent, which in turn would raise federal income tax revenues by about \$8 billion. In other words, the public cost of building a proper system of child care would be recouped through economic growth, in addition to providing families with access to jobs and greater economic security.

However, spending on ELCC is and must never be only about improving Canada's economic performance, nor only about about improving the economic circumstances of women. It also most importantly about improving the lives, health and development of children—of respecting the internationally recognized right of children to early childhood education.

The time to act for all these reasons is now.

