



**Early Learning and Child Care Submission Summary**  
**2006 Pre-Budget Web Consultation by the Minister of Finance**  
**Honourable James M. Flaherty**

Given the overwhelming evidence about the need for, and benefits of, quality child care, we urge Prime Minister Harper, Minister Flaherty, and all Members of Parliament to ensure that Canada's financial planning, including the 2006 budget, continues to reflect the multi-year child care system funding commitments made to children, families and communities through the recent federal-provincial child care agreements.

Quality child care is an essential component of a comprehensive family policy for Canada, as are income supports and policies to help parents balance work and family responsibilities. And, public investment in a quality child care system provides multiple benefits, as it nurtures children, supports families, builds communities and strengthens our economy.

In the fall of 2005, the Child Care Advocacy Association of Canada (CCAAC) provided the attached submission on child care to the all-party Standing Committee on Finance as input to the 2006 Pre-Budget Consultation. This submission was based on our 2004 strategy document, *From Patchwork to Framework*, which calls for the development of a pan-Canadian system of quality, affordable, inclusive, community-based child care. Services should be available in regulated centres and homes - part-time, full-time or 'as required'.

We are pleased to re-submit our recommendations to your government at this time. We note that while the government has changed, Canadian children, families and communities still need child care. And, while families need fair and effective income supports, government's proposed taxable payments to families and capital grants/tax credits to employers will not, on their own, ensure that quality, affordable child care is available in communities.

Looking beyond the 2006 Budget, we urge you to affirm Canada's commitment to building a pan-Canadian child care system through multi-year funding to the provinces and territories. Working together with families and communities, provinces and territories must develop targets, timelines and plans to ensure that a range of high quality, inclusive, affordable, non-profit early learning and child care services are available in communities across Canada.

# Early Learning and Child Care Submission

## 2005 Pre-Budget Consultation by the Federal Standing Committee on Finance

### 2006 Federal Budget

#### **Summary**

Given the overwhelming evidence about the need for, and benefits of, child care, the good news is that Canada is finally beginning to move forward. The country's financial commitments to services and supports for families and young children have grown in recent years and some provinces and territories have begun to develop and implement comprehensive, community-based early learning and child care plans.

The goals for a pan-Canadian approach to child care are outlined in a strategy document prepared by the Child Care Advocacy Association of Canada (CCAAC). The CCAAC was founded in 1983 to promote quality, inclusive, publicly funded, non-profit child care accessible to all. The association's more than 140,000 members include parents, caregivers, researchers and students; and women's, anti-poverty, labour, social justice, disability and rural organizations.

*From Patchwork to Framework: A Child Care Strategy for Canada* (November 2004) was developed out of a year-long citizen engagement process, and the findings are based on research documenting the essentials of good quality services and the lessons learned by other countries with comprehensive early learning and child care systems. The proposals are directed to the government of Canada and are focused on action required outside of Quebec.

Our plan lays out a detailed 15-year schedule for new federal child care funding and legislation that would provide quality early learning and child care opportunities in communities. Services would be accessible to all children under six, on either a part-time or full-time basis. The strategy also includes policies to help parents balance work and family responsibilities.

In order to further advance the child care goals, the federal government needs to increase its public investment substantially beyond the current commitment of \$5 billion over 5 years, and sustain this funding over the long term. Working with the provinces and territories, this public funding must be accompanied by public policy and accountability commitments to ensure that a range of high quality, inclusive, affordable, non-profit early learning and child care services are available in communities across Canada.

## Introduction

Last year, the federal Standing Committee on Finance recommended that:

*“The federal government, along with interested provincial/territorial governments, at the earliest opportunity announce initiatives to reduce child poverty. These initiatives should include a national, accessible, affordable, high-quality, publicly funded, publicly regulated, not-for-profit child care system.”*

The Child Care Advocacy Association of Canada (CCAAC) commends the all-party Standing Committee for its recognition of many of the key elements required to build a responsive, community-based, pan-Canadian child care system. This recognition reflects the broad base of support for child care that exists across our country. Ninety per cent of Canadians think *“Canada should have a nationally-coordinated child care plan that ensures that all children have access to quality child care regardless of family income, disability, race or the region of the country they live in.”* (“What does the public want?” Canadian Child Care Federation/CCAAC, 2003)

Regarding the Committee’s identification of the need to address child poverty, we add our voices to the many who call for immediate and substantive action. In 1989, the House of Commons unanimously resolved to eliminate poverty among Canadian children by the year 2000. Yet in 2005, one million Canadian children, or nearly one in six, are still poor. Aboriginal children are disproportionately affected.

In 2006, another substantial federal budget surplus is projected. Our country’s long-term productivity is inextricably linked to coordinated and integrated progress in all areas of social development, so this surplus provides a not-to-be-missed opportunity to fulfill longstanding promises to Canadians. That’s why, for example, the CCAAC supports Campaign 2000 in its call for:

- More money for low-income families
- Affordable housing
- The creation of decent jobs, with a higher minimum wage
- Universal, affordable early learning and child care

## Child Care is More Than Poverty Reduction

A pan-Canadian system of high quality child care that is affordable and accessible for all children and families has social and economic impacts that include child poverty reduction, and more.

Families need a range of supports, such as family-friendly workplaces and adequate parental leave, to assist with their important role in parenting. While far from perfect, Canada's increased investment in extended parental and maternity benefits provides a recent example of our collective approach to supporting families with young children.

Canada's families also need child care.

The CCAAC defines early learning and child care (child care) as a non-compulsory program that supports the optimal development and learning of children aged 0-12 years, at the same time as it:

- enables parents to work, study, care for other family members and participate in their community;
- provides supports and resources to help parents become active participants in their children's early learning;
- promotes women's equality.

An effective child care system works to provide a range of high quality and inclusive service options for families. These options could include regulated family and centre-based child care as well as drop-in, preschool or nursery school, part-time, full-time and extended-hours programs.

Early learning and child care provides opportunities for children's healthy growth and development to complement parenting at home. At-home parents and their children benefit from services such as part-time and preschool programs because they provide parenting support and networking as well as additional social experiences for children.

*We believe that the public policy most likely to serve our children with the highest return is access to quality, affordable child care in early childhood development centres for all children. This includes children of stay-at-home parents.*

**The Vancouver Board of Trade** Task Force on Early Child Development and  
Child Care,  
"Investing in our children is good public policy", July, 1999, p. 11

## Child Care Enhances Productivity Growth in Canada

Public investment that is specifically used to build a child care system will address at least two out of the three productivity areas that the Standing Committee has identified for action: human and physical capital.

### Investments in Human Capital

Enhancing productivity growth in Canada requires a skilled labour force. The evidence shows that high quality, affordable and accessible child care supports labour force attachment, skills-training and lifelong learning today, particularly for women. Child care also promotes the development of a highly skilled labour force in the future.

More than three million children under the age of 12 currently have mothers in the paid labour force in Canada. Yet, the “patchwork” of services in most of the country, outside of Quebec, means there are only enough regulated child care spaces for 15.5% of those children (Early Childhood Education and Care in Canada, 2004).

Given this gap in access, it is not surprising that work/life conflicts cost Canadian organizations an estimated \$2.7 billion annually in time lost due to work absences (Canadian Council on Social Development (CCSD)). Outside of Quebec, many of the regulated child care spaces that do exist are not affordable. The two biggest costs faced by families raising children are child care fees and shelter. Further, research on quality consistently points to the need to train and appropriately compensate the child care workforce. However, study after study points to the low wages and minimal benefits earned by this predominantly female workforce.

The current “patchwork” of services also means that Canada lags behind other nations that are reaping the rewards of their public investments in a child care system. For example, compared to their 12-year-old peers in New Zealand who received top-quality early childhood education, Canadian children scored 12 % lower on literacy and numeracy tests (CCSD).

Canada’s productivity relies on working mothers with young children, who contribute \$53 billion annually to Canada’s GDP (CCSD). That reliance is only increasing because of the widely predicted shortages of skilled labour – a fact which this Standing Committee acknowledges in asking respondents to consider “actions to encourage citizens to engage in work rather than leisure and to invest in lifelong learning”.

*The first step to improving skills is to build  
an excellent infrastructure for early childhood development...*

Remarks by **David Dodge, Governor of the Bank of Canada**, to Humber College Institute of Technology & Advanced Learning, Toronto, Ontario, March 30 2005.

### Investments in Physical Capital

Communities become “desirable places in which citizens want to live and work” when children and families are valued, when those needing extra care and attention are supported, and when services are adequately resourced.

Like schools and libraries, investing in physical capital through community-based child care helps to build desirable communities. Child care that is inclusive and integrated in communities promotes the social, economic, gender, cultural and ethnic harmony Canadians value. It contributes to equity for all children, including those with differing abilities and those from groups with diverse cultures, family structures and economic backgrounds. Child care can provide a welcome to new Canadians, supporting their participation in Canadian society and promoting respect for their own heritage and the culture of others.

In addition to being high quality, accessible and inclusive, child care needs to be:

- linked to other publicly funded community supports such as health and education;
- responsive to community needs and priorities. While all families need access to quality child care options, community-responsive services recognize that these options may be delivered differently in, for example, rural and urban communities.

The evidence shows that all of these goals are best accomplished through a commitment to expand child care programs in the non-profit sector. Yet, many communities across Canada currently lack the capacity to plan and implement these community-based services. Dedicated resources and supports are required to support the development of this important community infrastructure.

*Over the past seven years I have travelled across Canada talking about early child care initiatives and I can tell you that providing high quality, affordable child care and play based learning is just as important to parents living on the Miramichi as it is to those who are raising children in a Toronto high rise.*

**Margaret Norrie McCain**, former lieutenant governor of New Brunswick, *It's time to act on child care*, Guest Commentary in the *Daily Gleaner*, June 24, 2005.

## Child Care Requires Public Investment through Program Spending

The evidence supporting public investment through program spending to develop a pan-Canadian child care system is clear and compelling:

- The early years from birth to age six set the foundation for lifelong learning, behaviour and health (CCSD).
- All children benefit from quality early learning and child care, not just targeted groups of children, and all parents can use information and support to help them raise healthy, well-adjusted and resilient human beings (CCSD).
- Multiple studies continue to show that public investment in quality child care yields economic returns of at least 2:1 for all children, and over 7:1 for children at risk.

### Tax Measures are Not the Solution

Simplistic, piecemeal alternatives to the substantial program spending required for a child care system will not work to provide a range of high quality, inclusive service options for families and children. For example, some propose tax measures to support more families to stay home with their children. While the CCAAC is committed to supportive family policy, this option cannot realistically take the place of public investment in a child care system because:

1. Equitable tax measures would cost the public far more than a comprehensive child care system. For example, economists estimate that if all mothers with children under the age of 6 were to leave the labour force, employment in Canada would shrink by about 7.5%. In the long run, this would cost the Canadian economy upwards of \$83 billion per year (Cleveland and Krashinsky) – about 8 times the cost of a universal child care program.
2. Most families want some form of early learning and child care experience for their children, whether they are at-home parents or in the workforce. The high rates of enrollment in kindergarten – generally a non-compulsory early learning and child care program – provide one example of this demand.

### A New Funding Approach is Required: Invest in Community-based Services

While public investment through program spending on child care is required, *how* these public funds are invested is also critical. Effective child care and early learning systems can only exist in the presence of a strong public policy framework. Layering new funding on top of the current patchwork will not provide the desired outcomes for children and families. Nor will it provide the predicted economic returns.

Some program spending proposals purport to advance parent “choice” by providing funds directly to parents to spend generally where and how they see fit. While superficially appealing, there is nothing new about this approach. Over the

last 30 years across Canada, individual user fees and subsidies have been the primary funding sources for child care and yet, outside of Quebec, we still don't have:

- Stable, community-based and integrated services
- An adequate supply of quality, affordable child care
- Equitable access to existing child care spaces
- Public policy that entitles children equal access to child care. For example, children with disabilities in Canada can be – and often are – excluded from child care programs.

Public accountability requires us to invest new funds in ways that are most likely to address these concerns. Jurisdictions with effective child care systems under development, such as Quebec and New Zealand, provide substantial and direct public funding to community-based child care programs. With its limited parent fees and commitment to expanded operating grants, it appears that Manitoba is also implementing its own plan for moving in this direction.

Direct public funding specifically requires community-based child care services to develop programs that meet local family needs while ensuring that services advance quality, affordability, accessibility and inclusion. This approach establishes clear linkages between public investment and public outcomes. Individual subsidies may still be required to support access for some families, and affordable user fees can be charged. However, in order to ensure that a range of high quality centre- and family-based child care services exists in communities, programs need to receive and be accountable for direct, substantial and sustained public funding.

#### A Universal Approach to Child Care is Required

A growing body of research confirms that quality child care provides benefits across all social and economic classes. These benefits accrue to children, families and society as a whole. That's why public investment in quality child care must advance inclusion, affordability and access for all – in other words, universality.

Targeted action might also be required in some communities to minimize barriers to access. However, a universal foundation is first and foremost required, otherwise the criteria used to try to identify and direct public funds to “at risk” children and families will always miss the mark in one or more ways. Income eligibility thresholds place families whose income falls just above the “cutoff line” at a particular disadvantage, while targeting leads to stigmatization of those who are eligible for this restricted and limited public support.

Finally, targeted approaches do not address the fact that quality child care is not affordable for the majority of families with young children. Adults frequently cite the cost of child care as one of the reasons for delaying having children, and/or having fewer children, contributing to Canada's declining birth rate.

*As many as one-quarter of Canada's young children may be developmentally vulnerable at school entry...although the highest risk is found in the poorest neighbourhoods, the largest number of children at risk is found more thinly spread across the middle class neighbourhoods...these results show clearly that it is time to develop a system of publicly-funded, universal access to opportunities for development, learning and care for children from birth until school age.*

**Clyde Hertzman**, *Making Early Childhood Development a Priority: Lessons from Vancouver*, May 2004

## Moving Forward on Early Learning and Child Care

Given the overwhelming evidence about the need for, and benefits of, child care, the good news is that Canada is finally beginning to move forward. The country's financial commitments to services and supports for families and young children have grown in recent years and some provinces and territories have begun to develop and implement comprehensive, community-based early learning and child care plans.

The goals for a pan-Canadian approach to child care are outlined in the CCAAC's strategy document, *From Patchwork to Framework: A Child Care Strategy for Canada* (November, 2004). This strategy was developed out of a year-long citizen engagement process, and the findings are based on research documenting the essentials of good quality services and the lessons learned by other countries with comprehensive early learning and child care systems. The proposals are directed to the government of Canada and are focused on action required outside of Quebec. (The CCAAC supports Quebec's access to federal funding to advance their comprehensive family policy).

Our plan lays out a detailed 15-year schedule for new federal child care funding and legislation that would provide quality early learning and child care opportunities in communities. Services would be accessible to all children under six, on either a part-time or full-time basis. The strategy also includes policies to help parents balance work and family responsibilities.

We all have much more work to do in order to achieve these child care goals. The following table summarizes our assessment of the current federal public investment and related policy and accountability initiatives relative to the CCAAC goals:

	CCAAC Goals	Current Status
<b>Public Investment</b>	15-year plan with annual increments, reaching <b>\$5 billion annually by year 5</b> and \$10 billion by year 15	<b>5-year plan</b> with annual increments, reaching <b>\$1.5 billion annually by year 5</b> ; further funding not committed
<b>Public Policy</b>	<b>Federal legislation</b> with standards that guarantee quality, <u>universal</u> , accessible, developmental and inclusive programs; expansion in non-profit sector; direct funding to services with 20% parental fee contribution overall.	<b>Bi-lateral agreements</b> with some provinces; investment in regulated care required, based on principles of quality, <u>universally inclusive</u> , accessible and developmental; varying commitments to non-profit expansion; direct funding of services not required; universality not a clearly stated principle.
<b>Public Accountability</b>	Provinces and territories to develop five-year <b>plans</b> with goals, timelines and targets; governments report to the legislature and the public	Provinces with bi-laterals commit to developing <b>action plans</b> ; governments report to their publics

## Next Steps for Child Care: Recommendations

In order to further advance the child care goals, the federal government, working with the provinces and territories, should take the following actions:

### 1. Public Policy and Accountability

- Develop legislation that ensures all children in Canada have access to quality early learning and child care opportunities in their communities, and that expansion takes place in the non-profit sector.
- In the meantime, continue to move forward with those provinces and territories that are committed to enhancing their regulated early learning and child care systems by confirming more bi-lateral agreements
- Strengthen public accountability requirements to include, at minimum, public reporting to the various legislatures
- Require provincial and territorial action plans to clearly demonstrate how progress towards the public outcome goals of quality, affordability, accessibility and inclusion will be planned and monitored with increased public funding. Each province and territory will of course have its own priorities and approaches, since child care is under provincial and territorial jurisdiction. As the work to date in some provinces is beginning to show, however, different approaches can build towards the same overarching goals for all of Canada's children.

### 2. Public Investment

In order to support these public policy and accountability commitments and reach the CCAAC goal levels, the federal government needs to increase its current funding commitment. This funding must be sustained over the long term, and additional resources and supports are required to meet Aboriginal as well as rural and remote needs, and to build services for school age children.

In 2005/06, a total of \$1.425 billion in federal funding has been provided to provinces and territories for early childhood development programs and services, including child care. While provinces and territories can choose to spend all of these funds on child care, \$925 million is specifically intended to advance regulated early learning and child care.

The goal is to increase annual child care funding to provinces and territories to \$5 billion at the end of five years, and \$10 billion at the end of 15 years. Using \$925 million as the current baseline, annual incremental federal funding increases of approximately \$900 million are required in each of the next several years. The resulting 2006 federal funding to provinces and territories for investment in regulated early learning and child care would be approximately \$1.825 billion.