

Early Learning and Child Care Services for Canada: Building Advantage from the Foundation

Advantage Canada, the federal Department of Finance's recently released economic development strategy, makes clear the government's expectations that tax cuts and debt payments will leverage prosperity and improve quality of life. The plan states that "debt reduction is about fairness and equity toward future generations of Canadians." Yet nowhere in the plan is there mention of using public funds, or even the interest payments saved, to make real accountable investments in these future generations.

The ability of Canadians to influence and improve their quality of life, and contribute to their communities, depends on receiving nurturing and stimulating care – both in the home and in the community - during their earliest years. As has been repeatedly pointed out however, such care is not accessible to many Canadian families in communities outside of Quebec. This situation is the result of uncoordinated and under funded early learning and care policies. To ensure that sufficient quality care is accessible in communities across Canada requires that the federal government assume its leadership role and make accountable investments.

Founded in 1983, the Child Care Advocacy Association of Canada (CCAAC) promotes quality, inclusive, publicly funded, non-profit child care services accessible to all. The association's membership reaches more than 4 million Canadians, including parents, caregivers, researchers and students as well as women's, anti-poverty, labour, social justice, disability and rural organizations.

In response to the federal government's *Advantage Canada* strategy, the CCAAC points to the very important statement within the document that "when government policies and plans are complementary, their positive impact is multiplied." **We offer the following points outlining how child care relates to building a strong, sustainable modern economy, and why a focused investment strategy is necessary:**

Child care helps develop the talented creative workforce of the future

The federal government's strategy claims "it is about helping people to reach their full potential, and ensuring that they have the incentives, opportunities and choices they need to build a better quality of life." Yet the measures proposed completely neglect the clear and compelling evidence that **child care provides children with the foundations for lifelong health, learning and skill development.**

The only measure proposed that is actually related to helping Canadians reach their full potential is a call for more post-secondary education and training. While universities and colleges are of course important, government's strategy mistakenly assumes that these are the most critical years, in fact the only years, to develop capacities that are valuable in the modern economy. It ignores the extensive research showing that the early years from birth to age six set the foundation for school readiness, lifelong learning, behaviour and health.

Bank of Canada governor David Dodge and Nobel prize-winning economist James Heckman have both said that **the returns to human capital investments are greatest for the young.**[1] This message is not resonating with the federal government. While their strategy proudly trumpets that we remain an OECD leader in post-secondary education, it overlooks Canada's shameful standing in OECD comparisons of early learning and child care.[2] Our counterpart nations understand the importance of investing in the potential of their citizens from the beginning and we should be learning from them.

Child care supports labour force development and opportunities now

The federal government's strategy says we must ensure that "as many Canadians as possible have the opportunity to participate in the workforce." Further, "programs need to help people who have traditionally been underrepresented in the workforce" including "Aboriginal Canadians, older workers and persons with disabilities." The CCAAC points out **the inherent contradiction between the federal government's workforce participation goals and its lack of commitment to early learning and child care services. Child care supports employability for all, immediately and on an ongoing basis.**

When Canadian families do not have access to quality child care, our labour force and our employability suffer. With women now the majority in virtually all university programs, decreased labour force attachment among mothers exacerbates **skilled worker shortages**.^[3] Parents must not only decrease their *immediate* labour force attachment when there are no other viable child care options; their *future* employability is affected when they miss education, professional development and advancement opportunities.

Like schools and libraries, child care helps to build places in which citizens want to live and work, and thus supports **labour force mobility**. It helps provide a welcome to new residents from both outside and within the country, and supports their participation in a new community. When child care is not adequately supported in all regions, families may be reluctant to make otherwise desirable moves, or alternatively, will seek transfers when it otherwise would have made sense to stay.

Child care is also very relevant to **older workers**. Sometimes grandparents provide care. Yet, as the Canadian population ages, and workers stay in the labour force longer, there is likely to be even greater need for publicly supported, community-based child care services.

Child Care requires focused government spending

It is telling that despite its pronouncement about policies and plans having the greatest impact when they are complementary, *Advantage Canada* does not anywhere mention the government's own child care policies. These are limited to a taxable family allowance and proposed capital incentives, with no ongoing operating support, for employers to build child care spaces. Similar strategies have been tried before and have failed to deliver sufficient child care services. **It has been clearly demonstrated that tax cuts, rebates and fiscal incentives do not build the child care system that Canadians want and need.** These policies are not, as Advantage Canada states they should be:

- "Effective and efficient" - The government's current policies are simply an extension of the patchwork system that has led to Canada's dreadful OECD ranking.
- "Focused on results" - Tax cuts and fiscal incentives remove any actual responsibility from government for program outcomes. Child care investments must be undertaken with clear goals of

quality enhancement, accessibility, inclusion of children with special needs, and affordability. Accountability for achieving these goals must be established.

- “Providing value for taxpayers’ money” – Economic studies have repeatedly shown that the benefits of focused, accountable investments in child care outweigh the costs by at least a factor of 2 to 1. These are benefits that continue to be forgone.
- “Aligned with government’s priorities and responsibilities” – Though they may be aligned with the priority of tax cuts, they are certainly not aligned with the priority of building a strong, sustainable modern economy. Neither do they ensure “stable, predictable and principle-based fiscal arrangements with provinces and territories.” Unlike the bilateral arrangements cancelled mid-stream, the current government’s child care policies bypass the provinces and territories altogether.

To build the child care system that Canadians want and need, the CCAAC therefore calls on the federal government to adopt the following focused investment strategy:

1. Restore and increase sustained, long-term federal funding to the provinces and territories. Federal transfers must be specifically dedicated to improving and expanding child care services, based on provincial and territorial commitments to advance quality, inclusion and affordability.
2. Enact federal child care legislation that recognizes the principles of a pan-Canadian child care system, makes the federal government accountable to Parliament with respect to child care funding and policy, and respects Quebec and First Nations’ rights to establish their own child care systems.
3. Redirect the capital incentives for child care spaces with dedicated capital transfers to the provinces and territories to be used to build child care services that communities prioritize, own, deliver and account for.
4. Provide effective income supports for Canadian families by incorporating the current taxable family allowance into the Canada Child Tax Benefit.

In order to capture the numerous benefits of public child care investments, the federal government needs to restore and increase its public investment substantially beyond the recently-terminated bilateral 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 a focused investment strategy – that is, by public policy and accountability requirements for community service providers and all levels of government that will advance a range of quality, inclusive, affordable, community-based child care services across Canada.

[1] Dodge, D. "Human Capital, Early Childhood Development, and Economic Growth: An Economist's Perspective." Speech at Sparrow Lake, May 2003

Heckman, James. 1998. "What Should be our Human Capital Investment Policy?" *Fiscal Studies* 19:2

[2] OECD. 2006. "Starting Strong II: Early Childhood Education and Care." ISBN 92-64-03545-1

[3] The Canadian Council on Social Development found that working mothers with young children contribute \$53 billion annually to Canadian GDP.