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# Early Learning and Child Care in Canada: Where Have We Come From, Where Are We Going?

Gordon Cleveland

## IN BRIEF

As governments develop implementation plans for \$10-a-day child care, it is worth evaluating progress on indicators of affordability, accessibility and quality of child care over the last 30 years. While there has been progress in many areas, child care fees have continued to rise and there has been mixed progress across provinces and territories on staff-child ratios, wages for early childhood educators and funding for low-income families. Achieving \$10-a-day child care across Canada will need to address shortages in spaces, shortages in early childhood educators, and inadequate funding in high-cost jurisdictions. At the same time, modernization of Employment Insurance should expand coverage and support for parental care.

## EN BREF

Alors que les gouvernements élaborent des plans pour offrir des frais de garde d'enfants à 10 \$ par jour, il convient d'évaluer les progrès réalisés sur les indicateurs d'abordabilité, d'accessibilité et de qualité au cours des 30 dernières années. Bien qu'on constate des améliorations dans plusieurs domaines, les frais de garde ont continué d'augmenter au fil du temps et les progrès d'une province et d'un territoire à l'autre sont mitigés en ce qui concerne le ratio personnel-enfants, les salaires des éducatrices et le financement pour les familles à faible revenu. L'obtention de services de garde d'enfants à 10 \$ par jour dans tout le Canada doit se faire conjointement avec les mesures suivantes pour combler les pénuries de places et réussir le recrutement et la rétention de suffisamment d'éducatrices. De plus, alors que le gouvernement fédéral envisage de modifier le programme d'assurance-emploi, il devrait se rappeler l'importance de soutenir les parents présentement inadmissibles aux prestations de soins parentaux.

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# Key Findings

## OVERVIEW

Canada is on the cusp of a major leap forward in child care with the roll out of a Canada-Wide Early Learning and Child Care system that promises to lower child care fees by the end of 2022 and achieve \$10-a-day child care by 2026. As federal, provincial and territorial governments develop implementation plans, it is worth evaluating progress on indicators of affordability, accessibility and quality of child care over the last 30 years.

Comparing data from the 1980s and 1990s with 2019 shows significant progress in many areas. However, child care fees have continued to rise over time and there has been mixed progress across provinces and territories on staff-to-child ratios, wages for early childhood educators and funding for low-income families.

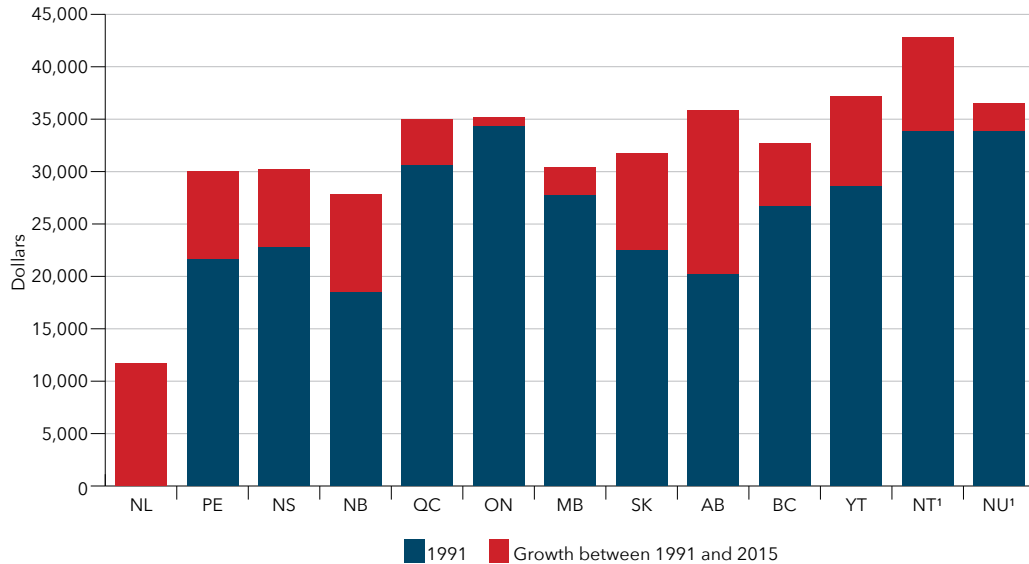
Achieving \$10-a-day child care across Canada needs to be done in conjunction with addressing shortages in spaces, and in recruiting and retaining sufficient early childhood educators. It is also not clear that the funding allocated will be sufficient to bring fees down to \$10 a day in high-cost jurisdictions such as B.C., Alberta and Ontario. In addition, as the federal government considers changes to the Employment Insurance program, it should remember the importance of supporting parental care for children for those currently ineligible for benefits.

## Recommendations

This paper provides four recommendations for governments, drawing on analysis of national and regional progress:

1. **Rapidly expand not-for-profit and public child care facilities.** Provincial and territorial governments should provide substantial capital grants or loan guarantees to not-for-profit operators to accelerate a planned and coordinated expansion. Large jurisdictions should enable specialized development agencies to design, plan and build not-for-profit centres, and should encourage the delivery of more child care services by municipalities, colleges and school boards.
2. **Increase the wages of early childhood educators.** With little improvement in pay for child care educators in over 30 years, wages have to be raised substantially to recruit and retain enough qualified early childhood educators to meet demand at \$10 a day and improve service quality.
3. **Be prepared to inject more funding.** No one has yet addressed whether \$9 billion a year is enough money to provide universal \$10-a-day child care in all jurisdictions, especially those where child care fees have been particularly high for years (e.g., B.C., Alberta and Ontario). It probably isn't. A cost-shared federal-provincial supplementary financing program in high-fee jurisdictions

### Average annual full-time wages of child care educators in 1991 and 2015 (2015 dollars)



Sources: Friendly et al., *Early Childhood Education*; Beach et al., *Our Childcare Workforce*.

<sup>1</sup> Wage numbers for 1991 in the Northwest Territories and Nunavut are the same, as Nunavut was separated from the Northwest Territories in 1999.

Note: Average annual wage of educators in 1991 assumes 37.5 hours per week, 52 weeks per year.

would make good fiscal and social sense, as governments get a substantial revenue boost from the increased labour force participation of mothers.

4. **Close gaps in maternity and parental benefits.** There is a stark difference in the coverage and generosity of maternity and parental benefits between Quebec, which has its own program, and the rest of Canada, which relies on federal Employment Insurance. The federal government should address these gaps, encourage greater participation of fathers in parental leave and follow through on the 2019 Liberal election platform commitment to provide income to currently ineligible parents during the first year of their child's life.

## A STEP CHANGE FOR CHILD CARE IN CANADA

There are a few advantages to getting older. One is increased perspective. I have been watching and analyzing the evolution of child care and children's policies for over 40 years. This paper will discuss the changes I have seen and analyze where we are now.

For child care, the changes over the last 40 years pale in comparison to what we can expect in the next few years.<sup>1</sup> The federal government is providing substantial conditional funding: \$30 billion over five years and at least \$9 billion a year thereafter to build a Canada-wide child care system. All 13 provinces and territories have signed agreements committing themselves to slashing the average parent fee for licensed child care to \$10 a day for children ages zero to five by 2026. Each has committed to substantial increases in the supply of not-for-profit licensed child care services and a range of other reforms to serve the diverse child care needs of different families.

The federal government's goal is to "build a Canada-wide, community-based system of quality child care"<sup>2</sup> – a public service like education or health, delivered largely by not-for-profit enterprises. Its explicit model in funding this major new Canada-wide social program is Quebec. Starting in 1997, Quebec has built an affordable system of child care services, and maternity/parental leave and benefits. This system is very popular with Quebec families and has led to dramatic increases in the employment of mothers. This economic shift has been so powerful that prominent economists have concluded that the child care reforms will, over time, more than pay for themselves in increased government revenues and lower benefit costs.<sup>3</sup>

Despite this, Quebec's child care reforms have evoked much controversy.<sup>4</sup> There has been concern that low-income families have had less access to higher-quality services. There has been concern about the inadequate supply of services, with lower-quality services relied on to fill the gap.<sup>5</sup> And there has been concern about the possible negative effects on children and families.

This paper looks forward to some of the issues that child care policy-makers will have to address in the next few years. But first, it looks back at how far we have come – a useful perspective when all we can see are the problems of the present.

<sup>1</sup> The federal government generally prefers to call this "early learning and child care," although kindergarten early learning services are not eligible for the recent federal funding.

<sup>2</sup> Canada, Department of Finance, *Budget 2021: Recovery Plan for Jobs, Growth, and Resilience* (Ottawa: Department of Finance, Canada, 2021), 101, <https://www.budget.gc.ca/2021/report-rapport/toc-tdm-en.html>.

<sup>3</sup> P. Fortin, L. Godbout and S. St-Cerny, "L'impact des services de garde à contribution réduite du Québec sur le taux d'activité féminin, le revenu intérieur et les budgets gouvernementaux," *Interventions économiques/Papers in Political Economy* 47 (2013): 1-28.

<sup>4</sup> C. Haeck, P. Lefebvre and P. Merrigan, "Canadian Evidence on Ten Years of Universal Preschool Policies: The Good and the Bad," *Labour Economics* 36 (2015): 137-57; M. Baker, J. Gruber and K. Milligan, "Universal Childcare, Maternal Labor Supply, and Family Well-Being," *Journal of Political Economy* 116, no. 4 (2008): 709-45; M. Kottelenberg and S. Lehrer, "New Evidence on the Impacts of Access to and Attending Universal Child-Care in Canada," *Canadian Public Policy* 39, no. 2 (2013): 263-85.

<sup>5</sup> Institut de la Statistique du Québec, *Grandir en qualité 2014: Enquête québécoise sur la qualité des services de garde éducatifs* (Quebec City: ISQ, 2015).

## ANALYZING OVER 30 YEARS OF CHILD CARE PROGRESS

Back in 1986, I was in the midst of my PhD studies as an economist when an opportunity came up to work as a researcher for the Special Parliamentary Committee on Child Care in Ottawa. There weren't many economists around who had a special interest in child care and they wanted an economist, so I got the job. You can still find the not-very ambitious final report of the committee online.<sup>6</sup>

On the brink of the huge challenges ahead with the implementation of \$10-a-day child care, I got to thinking about the changes in Canada's child care system since 1986. Let's look at what has happened to some of the key factors influencing child care demand, supply, cost and quality, including:

- the number of child care spaces,
- the types of child care arrangements used by employed mothers,
- the availability and hours of kindergarten,
- the changes in mothers' employment,
- the changes in child care fees,
- staff-child ratios,
- child care subsidies,
- direct operating funding to child care,
- the child care expenses deduction,
- maternity and parental benefits,
- the compensation of child care educators, and
- federal child benefits.

I will do my best to compare the situation in 1986 or thereabouts to the situation in 2019 (just before the pandemic). Have we really come a long way? In some areas, yes; but in others, no.

### Child care spaces have increased substantially

Back in 1986, there were just fewer than 200,000 licensed centre-based child care spaces across the country.<sup>7</sup> Now, there are *seven times* as many spaces (close to 1.4 million in 2019).<sup>8</sup> That's for children ages 0 to 12. Close to 800,000 of those spaces are for children ages 0 to 5.

Maybe you are thinking that the child population of Canada has increased a lot since 1986, but that's not true. For instance, there were 4.8 million children ages 0 to 12 in 1986 and 5.2 million in 2019. So, we have seven times as many child care spaces serving about 10 percent more children. Pretty impressive!

<sup>6</sup> Special Committee on Child Care, *Sharing the Responsibility: Report of the Special Committee on Child Care* (Ottawa: House of Commons, 1987), [https://parl.canadiana.ca/view/oop.com\\_HOC\\_3302\\_23\\_2/1](https://parl.canadiana.ca/view/oop.com_HOC_3302_23_2/1).

<sup>7</sup> Special Committee on Child Care, *Sharing the Responsibility*, Table 3.1.

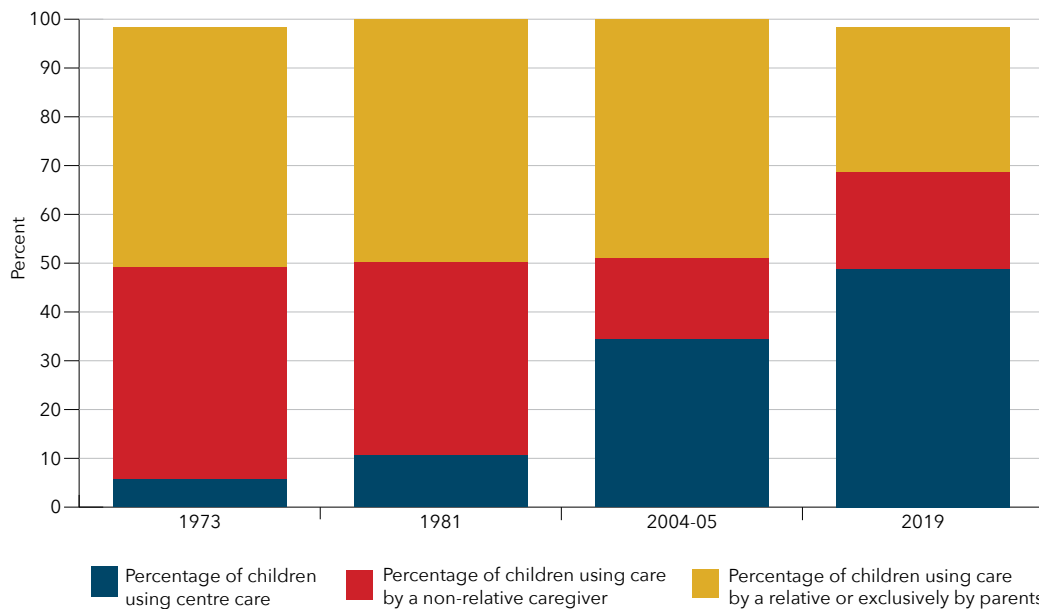
<sup>8</sup> M. Friendly, L. Feltham, S. Mohamed, N. Nguyen, R. Vickerson and B. Forer, *Early Childhood Education and Care in Canada 2019* (Toronto: Childcare Resource and Research Unit, 2020), Table 2, 185.



## More children are in child care

Studies of the use of child care in Canada have been done irregularly over the decades. The 1987 Report of the Special Parliamentary Committee on Child Care published the available data at that time, going back to 1967, for the use of child care by children ages zero to five who had an employed mother. The numbers for 1973 and 1981 are shown in figure 1. We do not have equivalent data for 1986. I have added comparable numbers from Cycle 6 of the National Longitudinal Survey of Children and Youth in 2004-05 and from the Survey of Early Learning and Child Care Arrangements in 2019 to give a broad picture of how the use of child care has changed for families with a preschool child (i.e., aged zero to five) and an employed mother.<sup>9</sup>

**Figure 1. Type of main child care arrangement used by children ages zero to five when mother is employed or self-employed, Canada, various years**



Notes: Data for 1973 and 1981 are from Special Committee on Child Care, *Sharing the Responsibility*, Table A.15. Data for 2004-05 are from Cleveland et al., *New Evidence About Child Care in Canada*, Table 2. The figure reported for centre care includes some regulated home care. Data for 2019 are from Statistics Canada's Survey of Child Care Arrangements, 2019. These figures refer to child care arrangements when the respondent, usually the mother, is employed or self-employed.

The pattern of change over time is pretty clear. Back in the 1970s, even in cases when the mother was employed, the majority of child care was provided by the family and extended family (50 percent). Nearly all children not cared for by their family were cared for by paid neighbours or other non-relatives (44 percent). The percentage of children using centre care, including nursery school, was small (6 percent).

<sup>9</sup> G. Cleveland, B. Forer, D. Hyatt, C. Japel and M. Krashinsky, "New Evidence about Child Care in Canada: Use Patterns, Affordability and Quality," *IRPP Choices* 14, no. 12 (Montreal: Institute for Research on Public Policy), October 2008.

The use of centre care rose over the years and the proportion of care provided by other non-relatives fell, but change was slow through the 1980s.

The world of child care in 2019 looked very different from that in the 1970s or the 1980s. Nearly half of all children ages zero to five with an employed mother (49 percent) were using centre care (including before- and after-school care for kindergarten children) in 2019. Fewer than half as many children used care provided by a non-relative as the main child care arrangement while the mother worked (20 percent). Even this figure includes a considerable share of licensed or regulated family home child care, particularly in Quebec. In 2019, there was still a substantial percentage of preschool children who were cared for by relatives or exclusively by parents while the mother worked (30 percent), but this is 20 percentage points lower than in the 1970s and 1980s.

### **Full-day kindergarten has expanded dramatically**

Kindergartens provide important early childhood education experiences, free-of-charge in local public schools. In 1988, almost all kindergarten services were for five-year-old children and were for half-days only. Back then, only Ontario had substantial kindergarten services for four-year-olds (about 60 percent of Ontario's four-year-olds were in junior kindergarten). Quebec and Manitoba had some kindergarten for four-year-olds, but only in inner-city schools. Neither P.E.I. nor New Brunswick had publicly funded kindergarten services, even for five-year-olds, in 1988.

Compare that to the present day, when all provinces and territories have full-day kindergarten for five-year-olds except Alberta, Saskatchewan, Manitoba and Nunavut, which still have half-day kindergarten. Ontario has full-day kindergarten for four-year-olds. Quebec is phasing it in by 2023. Nova Scotia has full-day kindergarten (called pre-primary) for all four-year-olds. P.E.I. implemented its half-day for four-year-olds programs in September 2021 as part of its child care system. Newfoundland and Labrador will implement its pre-kindergarten program four-year-olds in September 2022. In other words, early learning during the school year (and sometimes beyond) is already universally available free-of-charge to a large proportion of Canada's four- and five-year-olds.

### **More mothers are in the workforce**

The absence of sufficient affordable child care services has been a large barrier to mothers' participation in all aspects of society.<sup>10</sup> This is especially true for employment, and for mothers with children ages zero to five. Back in 1986, the labour force

<sup>10</sup> Y. Akgunduz and J. Plantenga, "Child Care Prices and Maternal Employment: A Meta-Analysis," *Journal of Economic Surveys* 32, no. 1 (2018): 118-33, <https://doi.org/10.1111/joes.12192>; H. Immervoll and D. Barber, *Can Parents Afford to Work? Childcare Costs, Tax-Benefit Policies and Work Incentives*, OECD Social, Employment and Migration Working Papers #31 (Paris: OECD Directorate for Employment, Labour and Social Affairs; Employment, Labour and Social Affairs Committee, 2005); T. Morrissey, "Child Care and Parent Labor Force Participation: A Review of the Research Literature," *Review of the Economics of the Household* 15 (2017): 1-24, <https://doi.org/10.1007/s11150-016-9331-3>; G. Cleveland and M. Krashinsky, *\$10 a Day Child Care – Will It Really Reduce Barriers to Employment in Ontario, Alberta and Manitoba? Measuring the Affordability of Early Learning and Child Care* (Toronto: Cleveland Consulting – Early Childhood Education and Care, Inc., 2021), [https://childcarepolicy.net/wp-content/uploads/2021/12/Ten\\_a\\_day-paper-web.pdf](https://childcarepolicy.net/wp-content/uploads/2021/12/Ten_a_day-paper-web.pdf).

**Table 1. Changes in the labour force participation of mothers between 1986 and 2019**

Age of youngest child	1986	2019
Under 3 years old	56%	72%
Between 3 and 5 years old	62%	78%
Between 6 and 15 years old	68%	85%

Sources: 1986 figures from Special Committee on Child Care, *Sharing the Responsibility*, Table 1.3; 2019 figures from Friendly et al., *Early Childhood Education*, Table 23.

participation rate of mothers with non-adult children was 63 percent (i.e., fewer than two-thirds of mothers were in the labour force). In 2019, this had risen to 79 percent (four out of five mothers).

The labour force participation rate is still much lower for mothers with very young children than for those with older children, but again there has been substantial change since 1986, as table 1 shows.

## Child care fees have risen everywhere but Quebec and Manitoba

It is difficult to compare child care fees in 1986 with those in 2019. Mostly, this is because of the lack of comparability of the data sources. Until recently we have had only partial data on child care fees across Canada.

However, the exercise is worthwhile even if the picture is only approximate. We have data from a 1984 survey done by Rubin Todres for the Task Force on Child Care, sometimes known as the Katie Cooke Task Force.<sup>11</sup> In those days, children under age three were referred to as infants and those from ages three to five inclusive were preschoolers. Note that Yukon and Northwest Territories were not surveyed in 1984. (Nunavut was not yet a separate territory.)

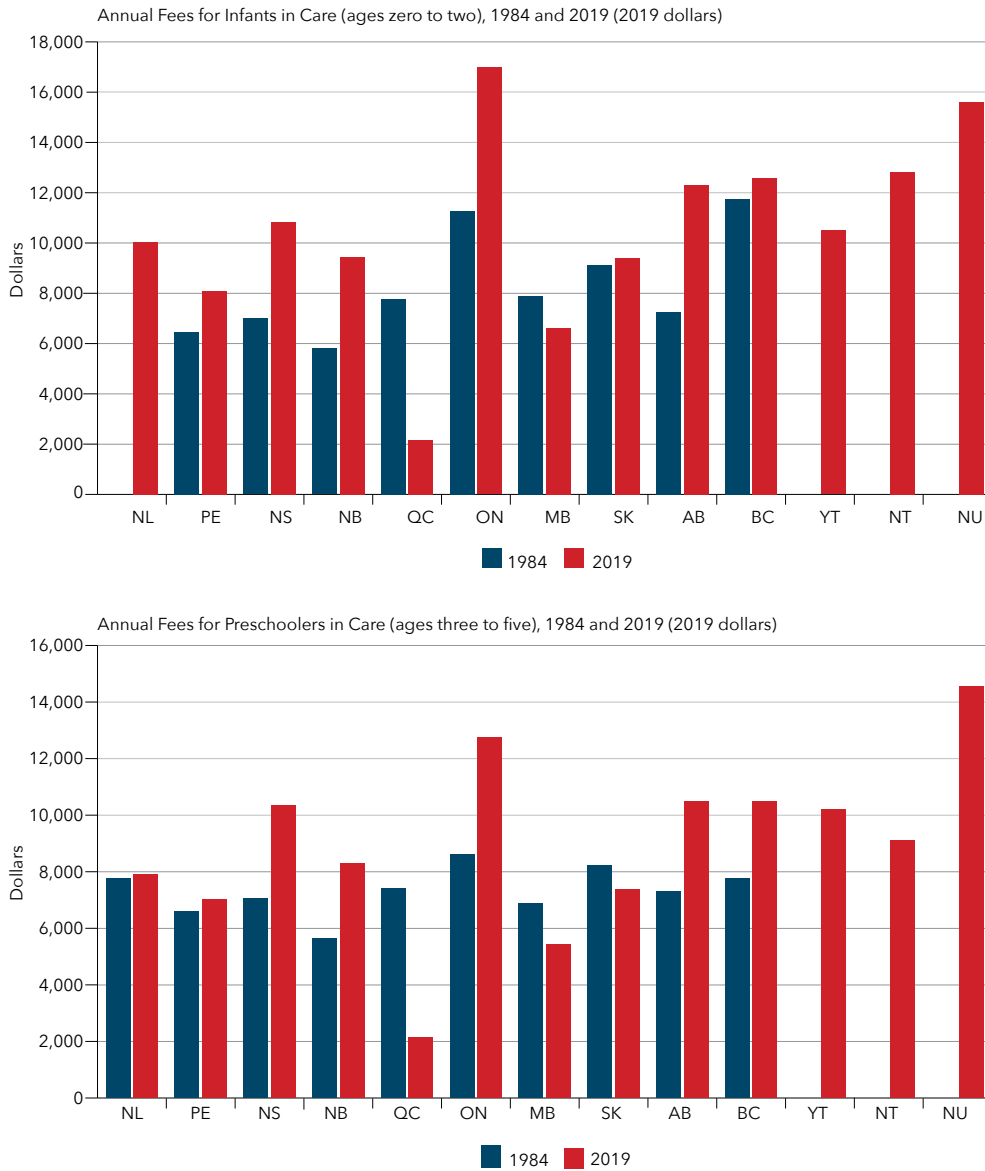
The 2019 figures are from the Canadian Centre for Policy Alternatives' (CCPA) annual child care fee survey.<sup>12</sup> They differ from Todres's numbers in several ways: First, they are median fees rather than mean fees. Second, the fees are not for the province or territory as a whole but for individual urban areas (Census Divisions) within the province or territory. Where possible, I have chosen an urban area that has fees somewhere in the middle for each jurisdiction. So, for instance, the CCPA has fees for Calgary, Edmonton and Lethbridge. Calgary's fees are expensive, Lethbridge's are relatively low and Edmonton's are in the middle. I therefore take Edmonton fees to represent Alberta. Third, the CCPA has monthly centre-based fees for infants, toddlers and preschoolers, with the first two groups representing all children called "infants" in the 1980s. I take the average of the infant fee and the toddler fee published by CCPA for 2019 to be the best equivalent of the infant fee in 1984 and calculate full-time fees on an annual basis.

So, the figures are not exactly comparable, but the pattern of change is sufficiently strong that figure 2 still gives us good information. This table provides the 1984 fees

<sup>11</sup> Rubin Todres Consultants, *The Price of Child Care in Canada: A National Survey*, Study for the Task Force on Child Care (Toronto: Rubin Todres Consultants, 1984).

<sup>12</sup> D. Macdonald and M. Friendly, *In Progress: Child Care Fees in Canada, 2019* (Ottawa: Canadian Centre for Policy Alternatives, 2020).

**Figure 2. Child care fees across Canada, 1984 and 2019**



Sources: For 1984, Rubin Todres Consultants, *The Price of Child Care in Canada*. Adjustment to 2019 dollars using Consumer Price Index, by author. For 2019, Macdonald and Friendly, *In Progress*.

Note: Fees in 2019 are in a representative urban area: St. John’s, NL; Charlottetown, PE; Halifax, NS; Fredericton, NB; Montreal, QC; Ottawa, ON; Winnipeg, MB; Regina, SK; Edmonton, AB; Whitehorse, YT; Yellowknife, NT; Iqaluit, NU.

in 2019 dollars; in other words, the 1984 fee levels have been adjusted for inflation to make them directly comparable to the 2019 fees.

In nearly every case, the typical fee for centre care in 2019 is higher than its level in 1984, often substantially so. The main exceptions are Quebec (which initiated \$5-a-day child care back in 1997 – currently \$8.70 a day in 2022) and Manitoba (which has capped the rise in fees for many years).

In nearly all other provinces, typical licensed child care fees are higher in 2019 than in 1984, even after accounting for inflation. In Nova Scotia, New Brunswick, Ontario and Alberta, these fees for both infants and preschoolers are thousands of dollars higher in 2019; they are highest in Ontario and Nunavut.

### **Staff-to-child ratios have improved in some provinces and territories, but worsened in others**

The staff-to-child ratio is an important element of structural quality in child care. In most provinces and territories, the legislated ratios for centre care have not changed very since 1986, with a few exceptions. It is hard to compare the ratios in different provinces and territories, because each jurisdiction uses different age ranges. However, figure 3 shows the ratios in 1986 and in 2019 for a child who was exactly one, two, three or four years old in each jurisdiction. This gives a basis of comparison.

Nova Scotia's ratios for one-to-two-year-olds have improved, but they have worsened for three-to-four-year-olds. The staff-to-child ratio was uniform in 1986 at one staff member per seven children for all ages. Nova Scotia's ratios are now similar to other provinces. Newfoundland and Labrador's ratios for two-year-olds improved from one staff member per six children to one per five children over this period.

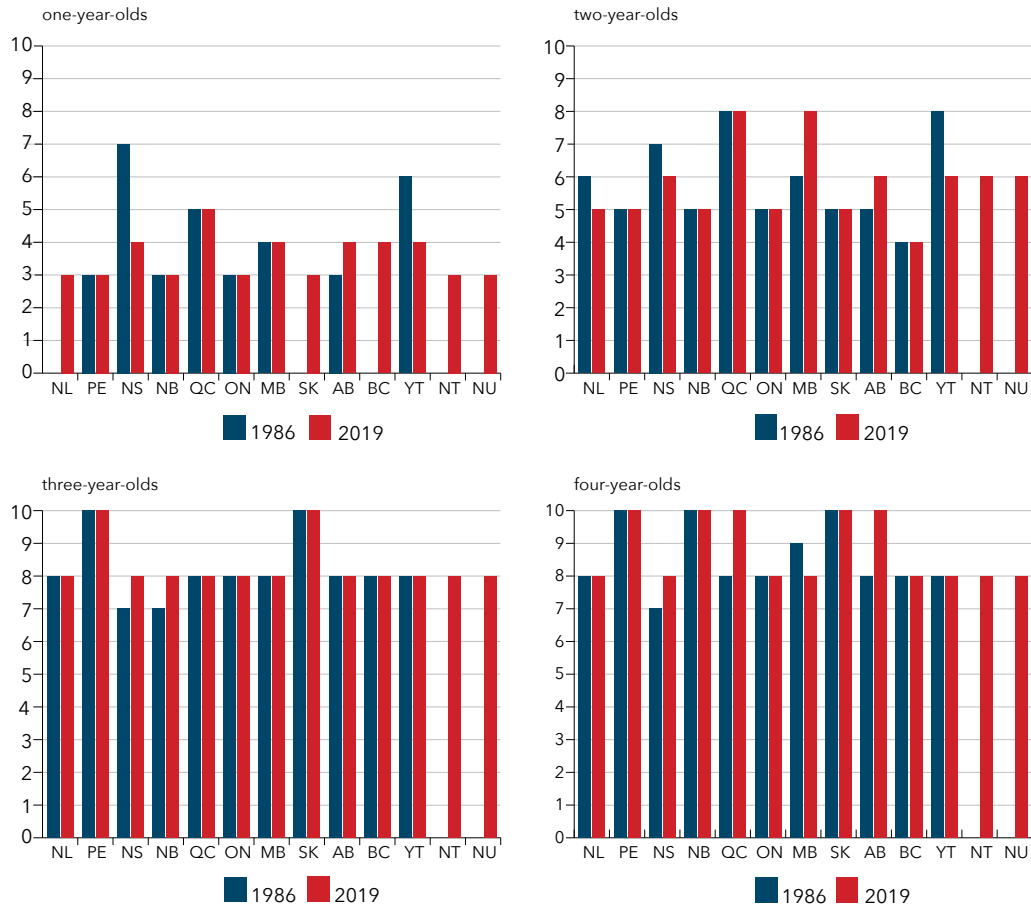
Manitoba's staff-to-child ratio for two-year-olds was one staff member per six children, but it is now worse at one per eight children. Manitoba and Quebec have the worst ratios for two-year-olds. All other provinces and territories have ratios of between one-to-four and one-to-six for two-year-olds.

Quebec's ratios have stayed consistent between 1986 and 2019 for one-to-three-year-olds, but worsened for four-year-olds. However, Quebec's ratios for children under age three in 2019 were the worst across all provinces and territories. A ratio of one staff member for five one-year-olds or for eight two-year-olds is shocking.

P.E.I.'s and Saskatchewan's ratios for three-year-olds are poor at one staff member per 10 children. All other provinces and territories are at one per eight children.

The only province or territory to have gotten consistently worse in staff-to-child ratios from 1986 to 2019 is Alberta. For one-year-olds, the very good ratio of one staff member per three children changed to one per four children. For two-year-olds, a ratio of one staff member per five children changed to one per six children. The ratio for three-year-olds stayed the same, but for four-year-olds a ratio of one staff member per eight children was changed to one per 10 children. Outside of the Atlantic Provinces, Alberta is also the province with the largest proportion of for-profit child care. These two facts may not be unconnected.

**Figure 3. Staff-to-child ratios across Canada: Maximum number of children permitted per caregiver, by age of child and province or territory, 1986 and 2019**



Sources: For 1986, K. Cooke, J. London, R. Edwards and R. Rose-Lizée, *Task Force on Child Care* (Ottawa: Status of Women Canada, 1986), Figure 7.1, p. 143. For 2019, Friendly et al., *Early Childhood Education*.

### The proportion of child care expenditures subsidizing low-income families has declined

From the 1960s to the 1990s, government funding licensed for regulated child care largely took the form of subsidies directed at low-income families. Under the Canada Assistance Plan, the federal government cost-shared subsidies on a 50/50 basis with the provincial and territorial governments (in Ontario, was 50 percent federal, 30 percent provincial and 20 percent municipal).<sup>13</sup> The rationale for this federal spending was the prevention or alleviation of poverty; families might be eligible if they were in poverty or likely to be in poverty in the absence of these subsidies. Each province or territory established its own income limits and eligibility rules within federal limits. The

<sup>13</sup> The rules governing federal funding under the Canada Assistance Plan were more complicated than this 50/50 breakdown suggests. In particular, funding generally favoured not-for-profit delivery of child care services and some expenditures were cost-shareable while some were not.

Canada Assistance Plan was eliminated in 1996, but all provinces and territories other than Quebec continued their child care subsidy programs as a major form of financial assistance for licensed child care.

I cannot find figures from 1986 about the proportion of all government child care spending that was devoted to funding child care subsidies. However, we do have data from 1991-92 when the Childcare Resource and Research Unit first began publishing *Child Care in Canada: Provinces and Territories* (1993). By that time, many provinces had substantial operating grant programs, which were much larger than they had been in 1986. In 1991-92, over 56 percent of all child care spending was devoted to child care subsidies for low-income families. And in 6 out of 10 provinces, the percentage devoted to child care subsidies was over 68 percent.

**Table 2. Percentage of government child care spending devoted to subsidies for low-income families**

1991-92	2019
56%	40%

Sources: Friendly et al., *Provinces and Territories*; Friendly et al., *Early Childhood Education*.

Child care subsidies in 2019 were important, but represented a much smaller slice of the child care funding pie (see table 2).<sup>14</sup> Quebec no longer has an allocation for child care subsidies for low-income families, although families who receive financial assistance from some programs will also receive free child care. On average among the provinces and territories

that retain child care subsidies, about 40 percent of child care spending takes the form of subsidies. Only one province, New Brunswick, had over 50 percent of its child care spending allocated to child care subsidies for low-income families. In most provinces, direct operational funding – which tends to lower fees directly for all families – played a much bigger role in 2019 than it did in the 1980s and early 1990s.

## More government funding is going to child care providers

In 1987, the Special Parliamentary Committee on Child Care, dominated by Conservative politicians, recommended that the federal government should provide direct operational funding (i.e., funding for each space) to licensed child care providers across the country. This funding was to be cost-shared 50/50 with provinces and territories in the amounts of \$3 per day per infant space (0 to 35 months), \$2 per day per preschool space (3 to 5 years), \$0.50 per day per school aged space (6 to 12 years) and an additional \$3 per day for a child with a disability. This was a bellwether policy idea, although the federal funding initiative did not actually come to pass.

In 1986, direct operational funding was a relatively new idea. Alberta, Saskatchewan, Manitoba, Quebec and New Brunswick had maintenance and operating grants of varying amount. In Saskatchewan and New Brunswick, these grants were very small: \$20 per month per space in Saskatchewan and \$0.30 per day per space in New Brunswick. But

<sup>14</sup> There were approximately twice as many children receiving low-income child care subsidies in 2019 as in 1986 (176,738 compared to approximately 82,000). Data from Friendly et al., *Early Childhood Education*, and Special Committee on Child Care, *Sharing the Responsibility*.

Alberta's operational funding – to for-profit and not-for-profit operators alike – ranged from \$257 per month per space for infants to \$65 per month for five-year-olds.<sup>15</sup> Prince Edward Island introduced a \$1-per-day-per-space operating grant for centre care in 1987.

Back in 1984, Manitoba provided an annual amount of \$922 per space to non-profit centres and an additional \$1,651 per space for infant care. Maximum fee levels were established as a condition for these grants and more than 80 percent of centres in the province received them. Quebec provided operating and accommodation grants to non-profit centres with parent-controlled boards. The amount was \$3.50 per space per day (about \$910 per year) and for infant care there was a supplement of \$1,500 per space per year. In addition, grants provided 50 percent of accommodation costs, up to \$8,000 per centre annually. In most of these jurisdictions, there were also operating grants to regulated family child care.

As of 2019, every province and territory had substantial amounts of direct operational funding provided to centres, family homes and other forms of regulated, licensed child care.<sup>16</sup> Across Canada, Quebec included, over 70 percent of funding in 2019 was in the form of grants to operators: operating grants, quality improvement grants, wage enhancements and special needs funding. Of course, Quebec's funding is nearly all in the form of grants to operators; removing Quebec drops the average share of operational funding to 49 percent – still a very considerable proportion and more than the amount going to child care subsidies. The lowest share of operational funding in 2019 was in Alberta, with 42.8 percent. In other words, operational funding was very significant in the child care spending of all jurisdictions in 2019. As Canada transitions to \$10-a-day early learning and child care services, operational funding (i.e., supply-side funding) will become dominant.

### **The child care expenses deduction is more generous and more accessible**

The Child Care Expenses Deduction (CCED) was introduced in 1972 as a tax relief for parents who had work-related child care expenses, following the report of the Royal Commission on the Status of Women. Under normal circumstances, it must be claimed on the income tax return of the spouse with the lower income; it is assumed that it is that person's decision to work that triggers the need for work-related child care. The CCED now has higher spending limits than in 1986 and the age range is broader. In 1986, the spending limit per child was \$2,000 annually, with the same allowance available for children ages 0 to 13 inclusive. Now, the limit for children ages 0 to 6 inclusive is \$8,000 annually; for children ages 7 to 15, it is \$5,000. For children with a disability, the claimable amounts are higher and the age limit is eliminated. Otherwise, the structure of this tax deduction to account for the expenses of accessing employment has not changed.

<sup>15</sup> Special Committee on Child Care, *Sharing the Responsibility*

<sup>16</sup> Data from Friendly et al., *Early Childhood Education*.



In 1984, the CCED was claimed by 502,000 tax filers on behalf of 784,000 children, with an average claimed expenses amount of \$1,043 per child.<sup>17</sup> In 2018, there were about 1.4 million tax filers who claimed on behalf of 2.5 million children, with an average claim of \$2,810 per child.<sup>18</sup>

### **Maternity and parental benefits have expanded, with Quebec's plan providing the greatest benefits for the longest period**

In 1986, there were no parental benefits after the birth or adoption of a child; there were only maternity benefits provided through the then Unemployment Insurance Plan. A new mother or adoptive parent who was eligible for Unemployment Insurance and who had worked 20 weeks or more in the last year for at least 15 hours per week (i.e., a minimum of 300 hours worked) could access up to 60 percent of their previous income to a maximum of \$318 per week. However, these benefits only lasted for 15 weeks.<sup>19</sup> Self-employed mothers were not eligible.

Today, there are parental benefits in addition to maternity benefits. Maternity benefits are available for a total of 15 weeks, starting as early as 12 weeks before the baby's expected due date and ending as late as 17 weeks after the birth or due date. Most weeks of parental benefits can be taken by either spouse, stacked on top of maternity benefits. And the eligibility conditions are now more flexible than in 1986, but not necessarily more generous. On top of that, Quebec and the rest of Canada have different benefit schemes, and Quebec's scheme is decidedly more generous to families, in terms of both money and coverage.<sup>20</sup> It is estimated that 30 percent of all mothers in Canada outside Quebec and 60 percent of low-income mothers do not receive maternity and parental benefits.<sup>21</sup>

In Canada outside Quebec, a mother seeking maternity benefits generally needs to have 600 hours or more of employment insurable under Employment Insurance (EI) in the last year to be eligible (e.g., 20 weeks at 30 hours per week or 15 weeks at 40 hours per week).<sup>22</sup> And self-employed parents can be eligible if they have paid EI premiums over the last year. Maternity benefits are still 15 weeks, with mothers now receiving 55 percent of previous income up to a maximum of \$638 a week.

In Canada outside Quebec, parents can decide to take standard parental benefits, which last up to 40 weeks, but one parent cannot receive more than 35 of those weeks of benefits. Alternatively, parents can decide to receive extended benefits, up to 69

<sup>17</sup> Special Committee on Child Care, *Sharing the Responsibility*, Table 2.2.

<sup>18</sup> Canada, Department of Finance, *Report on Federal Tax Expenditures – Concepts, Estimates and Evaluations 2021, part 10*, <https://www.canada.ca/en/department-finance/services/publications/federal-tax-expenditures/2021/part-10.html>.

<sup>19</sup> Special Committee on Child Care, *Sharing the Responsibility*, 24-5.

<sup>20</sup> S. Mathieu, A. Doucet and L. McKay, "Parental Leave Benefits and Inter-Provincial Differences: The Case of Four Canadian Provinces," *Canadian Journal of Sociology* 45, no. 2 (2020): 169-94; A. Doucet and K. de Laat, "Parental Leave Needs an Overhaul," *Policy Options* (Montreal: Institute for Research on Public Policy, 2022).

<sup>21</sup> Doucet and de Laat, "Parental Leave."

<sup>22</sup> This was reduced to 420 hours during the pandemic, but is now back to 600 hours.

weeks, but one parent cannot receive more than 61 weeks of those extended benefits. In other words, both parents have to participate in early care for children or some available weeks will be lost. The benefit rate for standard parental benefits is 55 percent of previous income up to a benefit amount of \$638 a week. For extended benefits, the rate is lower: 33 percent of previous income up to a benefit amount of \$383 a week.<sup>23</sup>

Quebec has its own maternity and parental benefit system: the Quebec Parental Insurance Plan (QPIP). Quebec families choose between the Basic Plan and the Special Plan. Under the Basic Plan, the mother is entitled to 18 weeks of maternity benefits at 70 percent of her previous income. The father or female spouse of the birth mother is entitled to 5 weeks of paternity benefits. Parents are entitled to 32 weeks of shareable parental benefits and if each parent takes at least 8 weeks of these shareable benefits they will get an additional 4 weeks of benefits. So there are potentially 59 weeks (18 + 5 + 32 + 4) of combined maternity, paternity and parental benefits under the Basic Plan. Some of these weeks (30 weeks) have benefits at 70 percent of previous income and some (29 weeks) at 55 percent of previous income.<sup>24</sup>

Under Quebec's Special Plan, there are fewer weeks of benefits but a higher rate of benefit compensation. Under the Special Plan, the mother is entitled to 15 weeks of maternity benefits. The father or female spouse of the birth mother is entitled to 3 weeks of paternity benefits. Parents are entitled to 25 weeks of shareable parental benefits and if each parent takes at least 6 weeks of these shareable benefits they will get an additional 3 weeks of benefits. So there are potentially 46 weeks (15 + 3 + 25 + 3) of combined maternity, paternity and parental benefits under the Special Plan. All these weeks have benefits at 75 percent of previous income.

And since in Quebec the maximum insurable earnings (MIE) are higher than in the rest of Canada – \$88,000 compared to \$60,300 – these percentages can deliver more to parents in that income bracket. In Quebec, parents taking the basic benefit can receive a maximum of \$1,185 a week for 30 weeks plus \$931 a week for 29 weeks, and if they take the special benefit, they can receive up to \$1,269 a week for 46 weeks. This compares to the \$638 and \$383 a week for the standard and extended benefits, respectively, in the rest of Canada (see table 3).

There are broadly similar plans available to adoptive parents. All self-employed parents are potentially eligible for the QPIP since payment of premiums into the QPIP fund is required.

<sup>23</sup> Details on maternity and parental benefits outside Quebec can be found at <https://www.canada.ca/en/services/benefits/ei/ei-maternity-parental.html>.

<sup>24</sup> Details of both the Basic Plan and the Special Plan are provided in A. Davidson and L. White, "Early Years Policy Innovations Across Canada: A Policy Success?," in *Policy Success in Canada*, eds. E. Lindquist, M. Howlett, G. Skogstad, G. Tellier and P. t'Hart (Oxford: Oxford University Press, 2022), 117-38

**Table 3. Comparison of maternity and paternity benefits in Quebec and the rest of Canada (ROC)**

	Quebec	Rest of Canada
Maternity benefit	18 weeks at 70% (Basic), or 15 weeks at 75% (Special)	15 weeks at 55%
Paternity benefit	5 weeks at 70% (Basic), or 3 weeks at 75% (Special)	n.a.
Shorter parental benefit: (ROC) Standard benefit/(QC) Special Plan	25 weeks at 75%	35 weeks at 55%
Other parent	If taking 6 weeks of the 25, add 3 weeks to parental benefit	5 weeks at 55%, on “use it or lose it” basis
Longer parental benefit option: (ROC) Extended benefit/(QC) Basic Plan	7 weeks at 70% plus 25 weeks at 55%	61 weeks at 33%
Other parent	If taking 8 weeks of the 32, add 4 weeks to parental benefit	8 weeks at 33% on “use it or lose it” basis
Maximum insurable earnings (MIE) – base for calculating % of income	\$88,000 (2022)	\$60,300 (2022)
Maximum weekly benefit	\$1,185 (Basic) \$1,269 (Special)	\$638 (Standard) \$383 (Extended)

Source: For Quebec benefits, <https://www.rqap.gouv.qc.ca/en/about-the-plan/tables-of-benefits>. This site also describes new benefits providing additional parental leave to multiple-birth parents and single parents.

For Quebec MIE, <https://www.rqap.gouv.qc.ca/en/about-the-plan/general-information/premiums-and-maximum-insurable-earnings#:~:text=Revenu%20Qu%C3%A9bec%20is%20in%20charge,remain%20the%20same%20in%202022.&text=The%20maximum%20insurable%20earnings%20considered,2021%20and%20%2488%2C000%20in%202022.>

For ROC benefits, <https://www.canada.ca/en/services/benefits/ei/ei-maternity-parental.html>.

For ROC MIE, <https://www.canada.ca/en/services/benefits/ei/ei-regular-benefit/benefit-amount.html>.

## There has been limited progress on child care educator wages

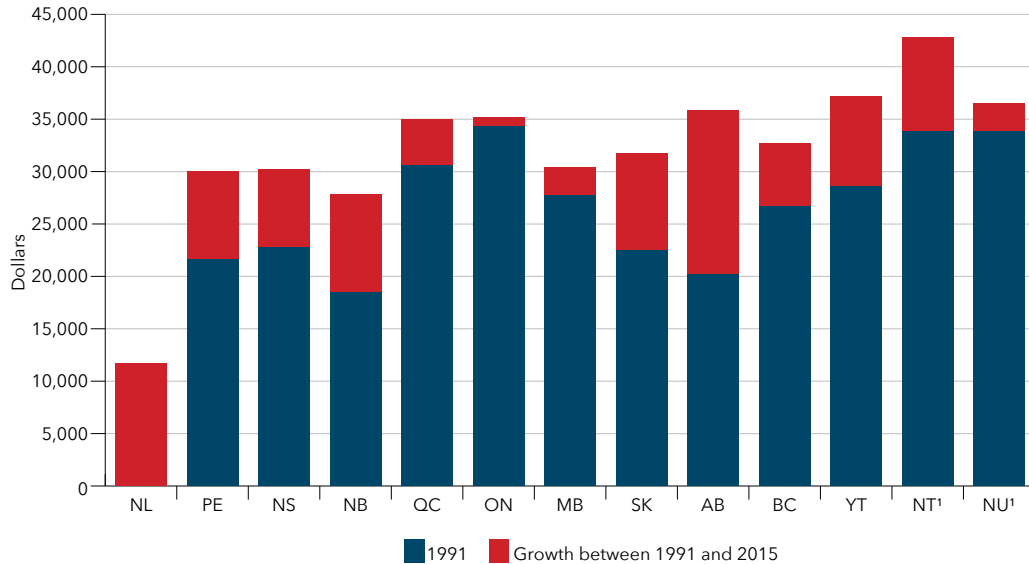
Child care staff were poorly paid in 1986 and they are poorly paid now. As a result, there are difficulties recruiting and retaining trained educators across Canada. We do not have data on child care worker wages from 1986 but we do have data from 1991 (in the Caring for a Living Survey).<sup>25,26</sup> And *Early Childhood Education and Care in Canada 2019* provides information from Census data about the annual wages of full-time trained early childhood educators in 2015. This can give us some sense of what has happened to compensation in child care centres over this period, as shown in figure 4.

It is difficult to draw very strong conclusions because of the different sources of wage information. But the broad conclusion is that educators are not as poorly paid now as they were in the early 1990s. Wages in Alberta, which were very low for an affluent

<sup>25</sup> See P. Schom-Moffatt, *The Bottom Line: Wages and Working Conditions of Workers in the Formal Day Care Market* (Ottawa: Status of Women Canada, 1984).

<sup>26</sup> As reported in J. Beach, J. Bertrand and G. Cleveland, *Our Childcare Workforce: From Recognition to Remuneration: More Than a Labour of Love* (Ottawa, ON: Childcare Human Resources Steering Committee, 1998), 78.

**Figure 4. Average annual full-time wages of child care educators in 1991 and 2015 (2015 dollars)**



Sources: Friendly et al., *Early Childhood Education*; Beach et al., *Our Childcare Workforce*.

<sup>1</sup> Wage numbers for 1991 in the Northwest Territories and Nunavut are the same, as Nunavut was separated from the Northwest Territories in 1999.

Note: Average annual wage of educators in 1991 assumes 37.5 hours per week, 52 weeks per year.

province back in 1991, were higher in 2015 by over \$15,000 per year. In many provinces and territories, child care staff pay increased by \$7,000 to \$12,000 annually. (Since there are 1,950 working hours per year in a full-time job, that means a wage that is higher by between \$3.50 and about \$6.00 an hour.) However, child care educators in provinces that were doing relatively well back in 1991 – Quebec, Ontario, Manitoba and B.C. – have not kept up with this magnitude of increase. In fact, child care educators in Ontario are earning less than \$1,000 a year more in inflation-corrected dollars than they were in 1991. That equates to an increase of about \$0.50 an hour. Manitoba’s child care workers earned less than \$3,000 a year more in 2015 than they did in 1991; an increase of about \$1.50 an hour. In Quebec and B.C., child care staff were better off by about \$2.00 or \$3.00 an hour in 2015 compared to 1991, when we look at the change in real income.

For comparison, the average provincial minimum wage in Canada, discounted for inflation, rose by \$2.35 an hour from 1991 to 2014, and the average hourly earnings of hourly paid employees, also discounted for inflation, rose by \$3.00 an hour over the same period.<sup>27</sup>

In other words, child care wages have somewhat improved. There is evidence that wage enhancement grants in various provinces and territories have had some effect. But the picture is uneven. And in some of Canada’s largest provinces, where the bulk of child care

<sup>27</sup> Statistics Canada, *Minimum Wage in Canada since 1975*, <https://www150.statcan.gc.ca/n1/pub/11-630-x/11-630-x2015006-eng.htm>.

educators are located, the movement in inflation-adjusted wages over time has been small. This is also the case relative to the change in the average hourly earnings of other workers.

## Federal child benefits have become simpler and more generous

In 1986, there were a variety of federal child benefits with different names and designs. For instance, the Family Allowance program gave cash to families with children under 18 years of age – \$383 a year per child or about \$32 a month. These Family Allowance payments were taxable, so higher-income families would end up with less than these amounts.<sup>28</sup>

There was also the Child Tax Credit, a refundable credit which was the predecessor of today's Canada Child Benefit. It paid \$489 a year per child to families with a net income lower than about \$24,000. Above that income level, the benefit decreased rapidly – by \$5 for each additional \$100 of family income. That meant that a family with one child would no longer receive any Child Tax Credit payment if their income was above about \$34,000.<sup>29</sup>

A third program was the Child Tax Exemption an income tax deduction available to families with children. An amount of \$560 a year could be claimed for each child under age 18 – worth, for instance, \$140 in reduced taxes to a parent whose marginal tax rate was 25 percent.

The total cost to the federal government of these three child benefits was about \$4.5 billion a year in 1986.<sup>30</sup>

Since 2019, child benefits have been simplified and made considerably more generous. Now, the main federal benefit is the Canada Child Benefit. It pays over \$6,600 a year to a low-income family for each child under age 6 and over \$5,600 for each child from ages 6 to 17. Since 2018, these amounts are linked to inflation and are raised annually. A family that earns less than about \$30,500 of adjusted net income in 2019 would receive these full amounts for each child. Above that income level, benefits are reduced quickly at first (\$7 for every \$100 of income) and then more slowly (\$3.20 for every \$100 of income above a family income level of about \$66,000).<sup>31</sup>

The Canada Child Benefit is designed to give more money to families with low income and some amount of child benefit to the vast majority of families. Families with one child and income above \$150,000 per year still receive some child benefits. Because the Canada Child Benefit is highly targeted, it is of particular importance to single-parent families and families in which one spouse is not employed, as these families are disproportionately likely to have low incomes.

<sup>28</sup> Special Committee on Child Care, *Sharing the Responsibility*, p. 15.

<sup>29</sup> Special Committee on Child Care, *Sharing the Responsibility*, p. 15.

<sup>30</sup> Special Committee on Child Care, *Sharing the Responsibility*, 13-14..

<sup>31</sup> Canada Revenue Agency, <https://www.canada.ca/en/revenue-agency/services/child-family-benefits/canada-child-benefit-overview/canada-child-benefit-we-calculate-your-ccb.html>. Dollar amounts are higher on this current website than they were in 2019, but the structure of benefit calculation is the same.

In 2019, the Canada Child Benefit cost the federal treasury about \$23.9 billion. Even accounting for inflation between 1986 and 2019, it is clear that child benefits are considerably greater than they were in 1986. There is good evidence that the Canada Child Benefit, together with provincial and territorial child benefits, has played an important role in reducing child poverty in Canada.<sup>32</sup>

## Conclusions: Are we better off today than in 1986?

Are parents raising young children in Canada getting more support now in better ways than they were in 1986? Even in 2019, one could make a very good case that families were getting more support than they were 33 years prior. Table 4 summarizes some of conclusions from the preceding sections, showing mainly positive progress. However, the analysis of child care fees shows that child care has become less affordable over time. Mixed progress across provinces on staff-to-child ratios and child care educator wages also highlight risks to the quality of child care.<sup>33</sup>

## LOOKING FORWARD TO A NEW ERA OF CHILD CARE

The 2021 federal initiative to invest an additional \$27 billion over five years to build a Canada-Wide Early Learning and Child Care system was a giant leap in the right direction for child care services, and for women and families in Canada. The decision to build a predominantly not-for-profit system was the right one.<sup>34</sup> Committing substantial federal funding was the necessary prerequisite for bringing provincial and territorial partners onside. However, the task of building an affordable, accessible, high-quality, country-wide system of services has just begun.

In early 2021, I coauthored an article in *Policy Options* that drew lessons for the rest of Canada based on problems that Quebec experienced in transitioning to low-fee child care.<sup>35</sup> While recognizing the program's popularity with parents and positive effects on mothers' employment, we concluded that Quebec had tried to do too much too fast.<sup>36</sup> Phasing in increased affordability more slowly would have allowed the government to expand the capacity of good-quality child care

<sup>32</sup> M. Baker, D. Messacar and M. Stabile, "The Effects of Child Tax Benefits on Poverty and Labor Supply: Evidence from the Canada Child Benefit and Universal Child Care Benefit," *Journal of Labor Economics* (2022), <https://doi.org/10.1086/721379>.

<sup>33</sup> There are substantial shortages of trained early childhood educators in many provinces and territories. Low wages ensure that this continues (K. McCuaig, E. Akbari, and A. Correia, *Canada's Children Need a Professional Early Childhood Education Workforce* (Toronto: Atkinson Centre, 2022).

<sup>34</sup> G. Cleveland, "FAQ: What's Wrong with For-Profit Child Care?," June 21, 2021, <https://childcarepolicy.net/faq-whats-wrong-with-for-profit-child-care/>.

<sup>35</sup> G. Cleveland, S. Mathieu and C. Japel, "What is 'the Quebec Model' of Early Learning and Child Care?" *Policy Options* (Montreal: Institute for Research on Public Policy, February 18, 2021), <https://policyoptions.irpp.org/magazines/february-2021/what-is-the-quebec-model-of-early-learning-and-child-care/>.

<sup>36</sup> There were political and ideological differences in the approaches of different Quebec governments. The Parti Québécois governments of Lucien Bouchard (1996-2001) and Bernard Landry (2001-03) focused on the expansion of not-for-profit centres (CPÉs) and regulated family home care, but could not keep up with increased demand. Jean Charest's Liberal government (2003-12) opened the door to the expansion of for-profit centre care to meet this demand but with strong negative impacts on average quality.

**Table 4. Summary of findings**

Factor	Progress	Description
Child care spaces	Positive	There were a lot more licensed child care spaces in 2019 than there were in 1986 – seven times as many – serving a fairly stable number of children.
Children in centre care	Positive	The popularity and acceptance of licensed centre-based child care has increased dramatically. In the early 1980s, only about 10% of preschool children of employed mothers used centre care, 40% were in informal paid care and about 50% were cared for by family members. In 2019, about half of preschool children of employed parents were in centre care, 20% in paid family child care and 30% cared for by family members.
Full-day kindergarten	Positive	Kindergarten in public schools has changed from mostly half-days during the school year for five-year-olds to being widely available for full school days to four- and five-year-olds.
Mothers in the workforce	Positive	Labour force participation of mothers has increased substantially since 1986. For instance, in 1986 the labour force participation rate for mothers with a child ages three to five was 62%. In 2019, it is 78%. This is still below rates in Quebec or for mothers with older children.
Child care fees	Negative	Child care fees have risen substantially since the mid-1980s. In fact, using preschool fees as the marker and adjusting for inflation, typical child care centre fees are over \$3,000 a year over \$2,000 more expensive in British Columbia and New Brunswick. Quebec and Manitoba have been notable exceptions.
Staff-child ratios	Mixed	In most provinces and territories, legislated staff-to-child ratios for centre care have not changed very much since 1986. Quebec's staff-to-child ratios for children under age three are the worst across jurisdictions. The only province or territory to have consistently worse staff-to-child ratios from 1986 to 2019 is Alberta.
Funding for low-income families	Mixed	Funding of child care services across Canada has changed dramatically over the years. In 1986, the main federal funding instrument was the Canada Assistance Plan, which funded child care subsidies. All provinces and territories had child care subsidy payment systems targeting low-income families and children. More than half of all child care funding came in the form of subsidies – often much more than half. Quebec no longer has a child care subsidy program of this type. In other provinces and territories, child care subsidies now constitute about 40% of total funding. However, there were approximately twice as many children receiving low-income child care subsidies in 2019 as in 1986 (176,738 compared to approximately 82,000).
Funding for operators	Positive	Direct operational funding to licensed, regulated child care services – to lower fees, raise wages and improve quality – was a substantial proportion of all funding in 2019. It was nearly 100% of Quebec's funding and on average 50% in other provinces and territories.
Child care expenses deduction	Positive	The Child Care Expenses Deduction allows earners to deduct work-related child care expenses from income before taxes are assessed. In 1986, the claimable limit was \$2,000 per child. Now, limits are \$8,000 annually for children ages 0 to 6 and \$5,000 for children ages 7 to 15.



**Table 4. Summary of findings (cont.)**

Factor	Progress	Description
Maternity and parental benefits	Positive	Parental benefits have changed very dramatically since 1986. There were no legislated parental benefits at that time, only 15 weeks of maternity benefits under the Unemployment Insurance Plan. Now, Quebec and the rest of Canada have different maternity and parental benefit schemes, offering different levels of income replacement and different amounts of benefits reserved for the non-birthing parent. The total length of benefits – maternity, parental, paternity – can exceed a year and can now include self-employed parents.
Child care educator wages	Mixed	Child care staff were poorly paid in 1986 and they are still poorly paid. Data on child care workers' compensation is incomplete, but the evidence suggests that child care wages have improved and that wage enhancement grants in various provinces and territories have had some effect. In some of Canada's largest provinces, where the bulk of child care educators are located, and compared with the average hourly earnings of other workers, the movement in wages over time has been small.
Federal child benefits	Positive	Federal child benefits are, without doubt, greater than they were in 1986. These benefits provide between \$5,000 and \$7,000 a year per child (depending on age) to families with low incomes and some amount of child benefits to nearly all families. These benefits have had an impact on child poverty and are a very significant boost to income for families with very low incomes.

services at the same pace as the increase in demand, and to avoid or reduce shortages and the need to rely on poorer-quality child care.

I believe that Canada is now on the same trajectory as Quebec was in the early days of its child care and family reforms, such that increased affordability may come at the expense of quality and accessibility. What do I mean? When Quebec made licensed child care available for \$5 a day, demand mushroomed. Now, from an economist's point of view, there is sufficient child care capacity to meet demand.<sup>37</sup> However, many parents are upset by long waiting lists to get into preferred \$8.70-a-day centres. Over 66 percent of zero-to-four-year-old (the focus of the child care reforms) are now enrolled in early learning and child care facilities.

The early learning and child care agreements that the federal government has signed will not bring child care capacity in other provinces and territories even close to that in

<sup>37</sup> "There is no longer any shortage of spaces in aggregate. In 2017 there were 293,000 spaces available, but only about 260,000 were actually occupied, implying an excess capacity of 33,000, mostly in for-profit full-fee *garderies*. Demand still exceeds supply for spaces in the high-quality CPE network...." P. Fortin, "Quebec's Childcare Program at 20," *Inroads* 42 (2017) <https://inroadsjournal.ca/quebecs-childcare-program-20-2/>. However, as Fortin stresses, quality is poorer in the spaces that are available than in those that are filled and spaces are unevenly distributed across income groups. There may no longer be a simple shortage of spaces in aggregate across Quebec, but many parents still cannot find the child care they want in the place and form that they want it. The Quebec government has announced plans to build 37,000 additional spaces by 2024-25, mostly in CPEs. (<https://www.quebec.ca/nouvelles/actualites/details/grand-chantier-pour-les-familles-un-plan-daction-concret-pour-que-chaque-enfant-ait-enfin-acces-a-une-place-en-service-de-garde-35560>).



Quebec. The bulk of Canadian children are living in provinces (B.C., Alberta, Saskatchewan, Manitoba and Ontario) that will have only 30 to 45 percent coverage of their population of zero-to-five-year-olds by 2026. In other words, once child care fees are cut in half by the end of December 2022, and even more afterward, we can expect child care demand to dramatically exceed supply. As an example, I have estimated that Ontario will need 300,000 more child care spaces for children ages zero to five by 2026 as demand rises.<sup>38</sup> However, Ontario's Action Plan commits it to increase child care spaces by only 76,700 by March 31, 2026.

What will happen when demand outpaces supply? The answer is likely to be different in different provinces and territories. We know what happened in Quebec: a scramble for staff; lowering of standards; proliferation of lightly-monitored family child care with untrained caregivers; substantially increased reliance on the for-profit child care sector with acknowledged lower quality of care; and long waiting lists for any kind of child care. As we concluded in our article, "problems of transition can matter enormously for major child care reforms."<sup>39</sup>

There are four steps governments should take to reduce or avoid problems of transition:

- Step 1: Provinces and territories should place more emphasis on expanding not-for-profit and public child care facilities quickly. In most provinces and territories, there are no financing plans to allow these providers easy access to capital and there are no guarantees that operational funding will be available if and when new facilities are built. Governments, spooked by low enrolments in the aftermath of the pandemic, are adopting a go-slow approach. Instead, they should be providing substantial capital grants or loan guarantees to not-for-profit operators to facilitate rapid expansion. Expansion should be publicly planned and coordinated. Governments should be surveying the availability of federal, provincial, municipal and school board lands as permanent sites for centres. In large jurisdictions, governments should enable specialized development agencies to design, plan and build not-for-profit centres, and should encourage the delivery of more child care services by municipalities, colleges and school boards.
- Step 2: Governments should direct more funding toward increasing the wages of early childhood educators. There has been little improvement in pay for child care educators in over 30 years. Wages have to be raised substantially to recruit and retain enough qualified early childhood educators to meet demand and maintain or improve staff-to-child ratios. A lack of trained staff will be a key impediment to capacity expansion. Wage increases need to happen now, not later.
- Step 3: Federal, provincial and territorial governments should be ready to inject more funding if needed. No one has yet addressed whether \$9 billion a year is enough money to provide universal \$10-a-day child care in all jurisdictions,

<sup>38</sup> G. Cleveland, "How Big Will the Expansion of Child Care Services Need to Be in Ontario." May 25, 2021, <https://childcarepolicy.net/how-big-will-the-expansion-of-child-care-services-need-to-be-in-ontario/>.

<sup>39</sup> Cleveland et al., "Quebec Model."

especially those where child care fees have been particularly high for years (e.g., B.C., Alberta and Ontario). It probably isn't. If child care is affordable and universally accessible, both provincial and federal governments will benefit from substantial revenue boosts from the increased labour force participation of mothers.<sup>40</sup> A cost-shared supplementary financing program in these high-fee jurisdictions would make good fiscal and social sense.

- Step 4: The federal government should include adjustments to maternity and parental benefits in its planned modernization of the Employment Insurance (EI) program. There is a stark gap in the coverage and generosity of maternity and parental benefits between Quebec, which has its own program, and the rest of Canada, which relies on federal EI. The federal government should address this gap as part of planned EI reforms.<sup>41</sup> It should also follow through on the Liberals' 2019 election platform promise to ensure that parents who do not qualify for paid leave through EI receive income benefits during the first year of their child's life.<sup>42</sup> Policy changes should aim to expand coverage of maternity and parental benefits to new parents, encourage gender equity in the sharing of parental leave and ensure that most infants receive parental care for the first year of life.

Although there have been many improvements in early learning and child care since 1986, Canada is now at a pivotal point with the transition to a new Canada-wide early learning and child care system with child care available at an average fee of \$10 a day. If the rest of Canada is going to avoid many of the teething problems Quebec faced in building an affordable child care system, then federal, provincial and territorial governments need to take proactive steps to ensure that the quality and accessibility of care are not harmed in the process.

We are at the beginning of this new stage of the journey, rather than at the end; it is no time to relax and declare victory.

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<sup>40</sup> Fortin et al., "L'Impact."

<sup>41</sup> Government of Canada, *Reforming Canada's Employment Insurance Program*, <https://www.canada.ca/en/employment-social-development/programs/ei/consultation-better-program-background.html>.

<sup>42</sup> Doucet and de Laat, "Parental Leave"; S. Mathieu and S. Raguéd, "More Money for More New Parents," *Policy Options* (Montreal: Institute for Research on Public Policy, , March 16, 2022, <https://policyoptions.irpp.org/magazines/more-money-for-more-new-parents/>); J. Robson, *Parental Benefits in Canada: Which Way Forward?* IRPP Study 63 (Montreal: Institute for Research on Public Policy, 2017).





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