



# Canada's early learning and child care system:

Building a foundation for sustainable  
population growth

Key Insight Report #1



## Acknowledgements

This report was prepared by Sara Ditta and Jon Medow (**Medow Consulting**). Century Initiative would like to thank members of the National Expert Panel who generously provided their knowledge and perspectives on the subject. Special thanks are due to Martha Friendly, Matthew Mendelsohn and Lisa Lalande for their feedback and guidance and to Sihwa Kim and Stephanie Procyk for their contributions. And to **Sandbox Inc.** for the design of the report.

## About Century Initiative

Century Initiative is a national, non-partisan charity with a mission to enhance Canada's long-term prosperity, resiliency and global influence by responsibly growing the population of Canada to 100 million by 2100. Century Initiative delivers its mission by leading, enabling and partnering on initiatives that support long-term thinking and planning in immigration, urban development, employment and entrepreneurship, early childhood supports, and education.



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# Snapshot: A stronger child care system

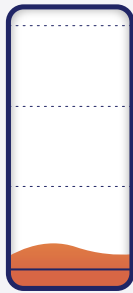
## What is the challenge?

Century Initiative's 2021 **National Scorecard on Canada's Growth and Prosperity** [🔗](#) found that Canada has been falling behind in its approach to early learning and child care.

### Child care

Canada has lower levels of child care participation compared to other countries and does not have a national policy.

Falling behind



### Public spending related to children and families

Canada is well behind comparator countries in terms of spending on children and families. There are also gaps in spending across Canada, particularly for Indigenous children and families.

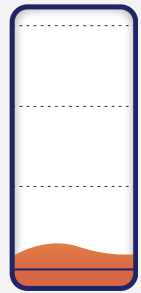
Falling behind



### Child and youth well-being

Canada declined significantly in its ranking on the UNICEF report card on child and youth well-being in the last decade, well behind other comparable countries.

Falling behind

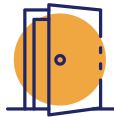


## Why is this important?

Getting our child care system right is one of the necessary pillars and enablers of sustainable population growth, and long-term economic prosperity. Access to child care can improve the well-being of children and families, create jobs, impact labour force participation and economy, and support newcomer attraction and retention.

- | A universal child care system could increase annual GDP by \$63 billion to \$107 billion per year.
- | Nearly half a million women in Canada who lost jobs during the pandemic in 2020 hadn't returned to work by January 2021.

## Which issues must be addressed?



**Access:** Canada has regulated child care spaces for 26.9% of children aged zero to five. Many OECD countries have spaces for all children in that age group.



**Affordability:** There is significant variability in fees paid for child care across Canada. Fees for child care in Canada are among the highest in the OECD. Median monthly child care fees for infants range from \$181 to \$1866.



**Quality:** There is uneven quality across the child care sector landscape. The child care workforce, a key determinant of quality, has typically been underfunded and not well supported.

## What's next?

As political debate heats up and policy, program and funding decisions get made for implementing a Canada-wide system there is a risk that momentum will stall. To be successful, a consensus on the importance of strengthening the system must be maintained across parties, regions, constituencies, and governments. Child care must be reconceptualized as part of core public services, like health care and unemployment insurance. It must also be a key pillar in community planning efforts, just like schools, parks and public transit, accommodating needs of different communities. Engaging those who deliver child care in design will be critical to success.

## Overview

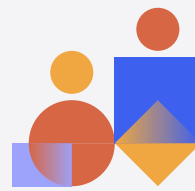
At Century Initiative, we are convinced that Canada can and should achieve a population of 100 million by 2100. To do so, we need to get the foundations right. In our Key Insight Reports, we will dive deeper into a number of the key enablers necessary for Canada to grow in a prosperous and sustainable way.

This first Report highlights the child care system. An accessible, affordable, high quality system of early learning and child care can have a positive impact on fertility rates and will boost labour market participation. Child care is a key factor in children's well-being and future skills development and it can help attract and retain newcomers to Canada. Canada will not be able to achieve its population targets in a sustainable and prosperous way without a better child care system that supports women's labour market participation. Covid-19 has dramatically increased attention on the need for a better child care system in Canada. The federal government committed in Budget 2021 to transform child care through the creation of a Canada-wide Early Learning and Child Care (ELCC) system. As of early August 2021, the first bilateral federal-provincial early learning and child care agreements under this plan have been signed with six jurisdictions.

Building a strong system will require sustained focus on quality, accessibility and affordability, and must be informed by lessons from Canadian and global experiences. As outlined by the federal government, it will also require intergovernmental collaboration and provincial variation around common principles and objectives. If Canada is to prosper and grow over this century in a way that allows us to protect our interests and build the Canada we want, progress on ELCC must happen over the next year. It will require shared commitment across governments, stakeholders and political parties. It will also require us to think about child care as an essential public service and a key piece of social and economic infrastructure that must be fully incorporated into our planning.

## Child care: Canada's current performance

Century Initiative's National Scorecard on Canada's Growth and Prosperity is our annual pulse check on progress towards building a bigger, bolder and more prosperous Canada. The inaugural 2021 Scorecard found that Canada is "falling behind" on key indicators related to child care.<sup>1</sup> However, current plans for system building and expansion have the potential to begin reversing the trend.



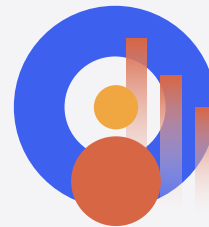
Indicator

### Child care

*Direction Canada is Trending*

#### Falling behind

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Indicator

### Public spending related to children and families

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Indicator

### Child and youth well-being

*Direction Canada is Trending*

#### Falling behind

Canada declined significantly in its ranking on the UNICEF report card on child and youth well-being in the last decade, well behind other comparable countries.

<sup>1</sup> Century Initiative (2021). National Scorecard on Canada's Growth and Prosperity. Available at: <https://centuryinitiative.s3.amazonaws.com/CI+National+Scorecard+2021.pdf>

## Why is child care a foundation for sustainable population growth?

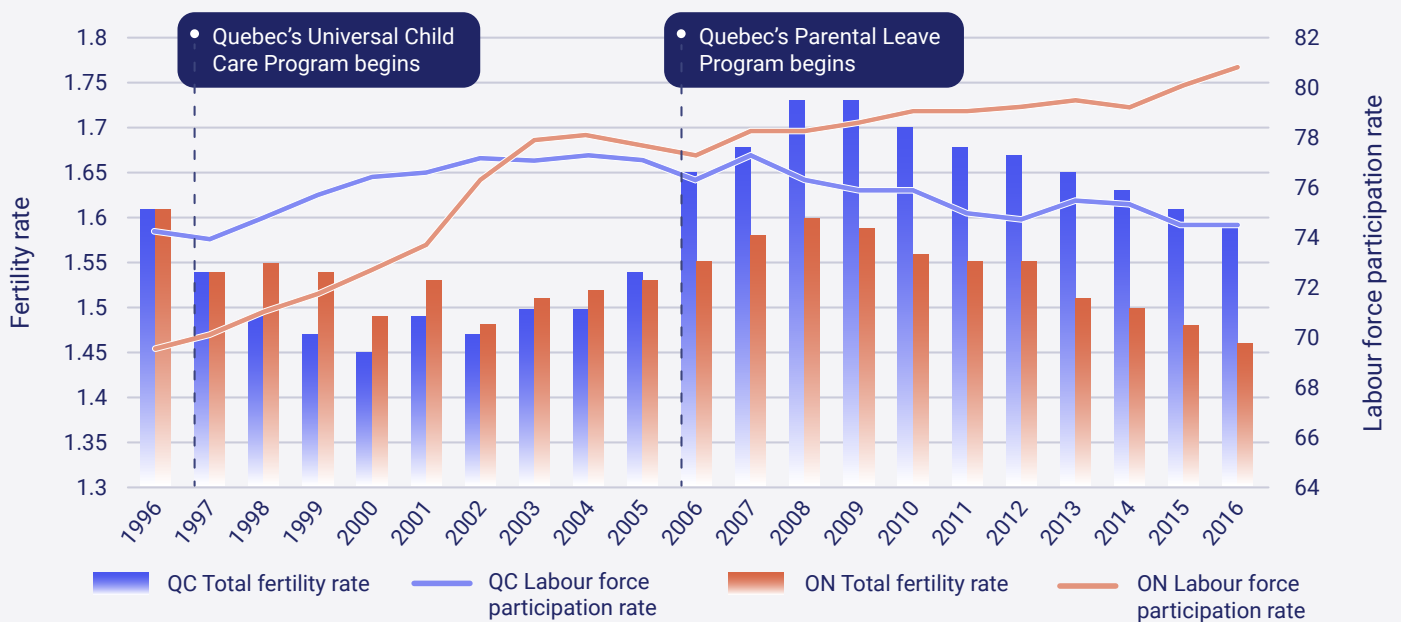
Canada's long-term prosperity will require significant growth in our population and our labour force. In addition to immigration, fertility rates are one of the most crucial determinants in achieving sustained population growth. However, Canada's fertility rate has declined in recent years, with Statistics Canada reporting a record low in 2019 of 1.47 children per woman.<sup>2</sup>

Survey research has found that some Canadians are having fewer children than what they consider the ideal number and that financial constraints are a commonly cited barrier.<sup>3</sup> Economic downturns and uncertainty often result in decreased fertility rates – and as would be expected, fewer births are occurring as a result of Covid-19.<sup>4</sup> In 2020, Canada's population growth was at its lowest in more than 100 years.<sup>5</sup>

While Canada's fertility rate is overall on a steady decline, it is higher within Indigenous communities, which are younger and form an increasingly critical component of working-age population growth.<sup>6</sup> Indigenous communities face especially significant gaps in accessing required supports for children and families due to factors including funding and geography.

According to a UN Population Fund report, a strong system for child care with access beginning when parental leave benefits end "is indispensable to sustaining higher fertility rates".<sup>7</sup> Quebec provides a strong example – it has more affordable child care and more generous parental leave compared to the rest of Canada, having launched a universal child care system in 1997 and a separate parental leave program in 2006.<sup>8</sup> While there are legitimate disagreements on various aspects of Quebec's system, it is clear that it has contributed to both a higher fertility rate and growing labour market participation for women compared to other parts of Canada.

Figure 1: Total fertility and labour force participation rates, Ontario and Quebec women aged 15 to 44



Adapted from Statistics Canada (2018). [Fertility rates and labour force participation among women in Quebec and Ontario.](#)

2 Statistics Canada (2020). The Daily – Births, 2019. Available at: <https://www150.statcan.gc.ca/n1/daily-quotidien/200929/dq200929e-eng.htm>

3 Nanos (2016). Canadians' opinions on being able to have the number of children they want and childcare. Cardus Fertility Intentions Survey. Available at: <https://www.nanos.co/wp-content/uploads/2017/07/2016-815-Cardus-Fertility-intentions-populated-report-w-tabs-R.pdf>

4 Cain, P. (2021). "Nine months after the pandemic arrived, births fell sharply: data," CTV News. Available at: <https://www.ctvnews.ca/health/coronavirus/nine-months-after-the-pandemic-arrived-births-fell-sharply-data-1.5335809>

5 Statistics Canada (2021). Canada's population estimates, fourth quarter 2020. Available at: <https://www150.statcan.gc.ca/n1/daily-quotidien/210318/dq210318c-eng.htm>

6 Statistics Canada (2016) First Nations, Metis and Inuit Women. Available at: <https://www150.statcan.gc.ca/n1/pub/89-503-x/2015001/article/14313-eng.htm>

7 United Nations Population Fund (2019). "Policy responses to low fertility: How effective are they?" <https://www.unfpa.org/publications/policy-responses-low-fertility-how-effective-are-they>

8 Moyser, M. and Milan, A. (2018) Fertility rates and labour force participation among women in Quebec and Ontario. Statistics Canada. Available at: <https://www150.statcan.gc.ca/n1/pub/75-006-x/2018001/article/54976-eng.htm>

## Child care supports newcomer success

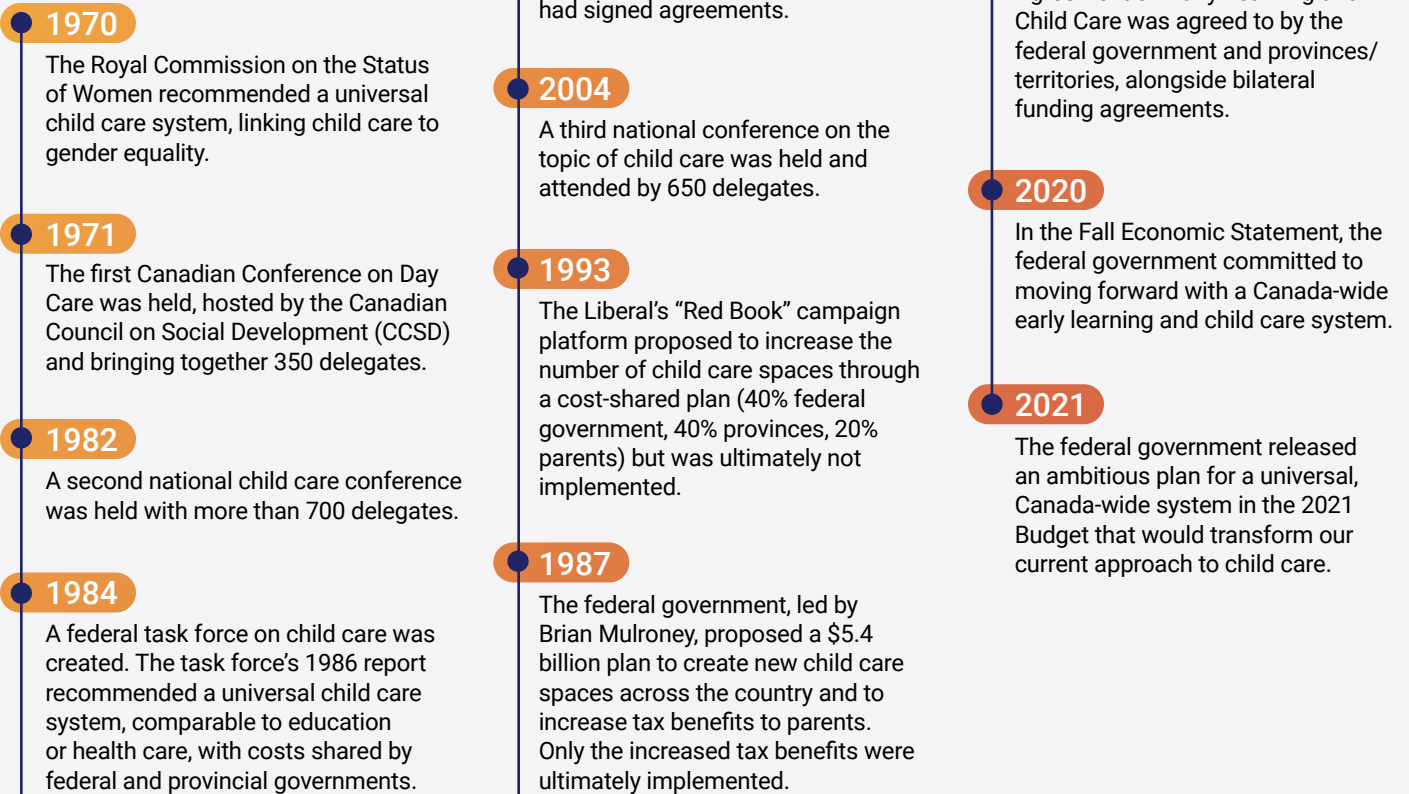
The economic success of newcomers is critical to Canada's long-term prosperity. Century Initiative's 2021 National Scorecard found a notable income gap between immigrants and non-immigrants, a gap which is greater for women than for men.<sup>9</sup> A robust child care system can support increased labour market participation among immigrant parents and particularly mothers, helping to close the income gap for newcomer women while supporting the Canadian economy to leverage their talent and skills.

Strong social infrastructure, including early learning and child care, is also important to attracting and retaining immigrants to Canada, including highly-skilled immigrants who are in demand around the world. The OECD has found that factors such as child care costs and educational quality are important considerations for prospective immigrants with children when choosing a destination country.<sup>10</sup>

### What have we done in the past?

Efforts in Canada to build a national child care system date back to 1970, more than 50 years ago.

**Figure 2: The path to a national child care system**



<sup>9</sup> Century Initiative (2021). National Scorecard on Canada's Growth and Prosperity. Available at: <https://centuryinitiative.s3.amazonaws.com/CI+National+Scorecard+2021.pdf>

<sup>10</sup> Tuccio, M. (2019). Measuring and Assessing Talent Attractiveness in OECD Countries. OECD. Available at: <https://www.oecd.org/migration/mig/Measuring-and-Assessing-Talent-Attractiveness-in-OECD-Countries.pdf>

## Where are we now?

### Covid-19 context

The Covid-19 pandemic has exacerbated shortcomings in Canada's child care system and resulted in some women leaving the workforce due to a lack of care options for children. Almost three-quarters (72%) of child care centres across Canada were closed at some point during the pandemic.<sup>11</sup> One-third of centres closed during the pandemic reported that they may not reopen.<sup>12</sup>

The growth of women's labour force participation over the last 40 years represents about one-third of Canada's real per capita GDP growth – more than \$9,000 per person.<sup>13</sup> Early in the pandemic, women's participation in the labour force dipped to 55% for the first time since the mid-1980s.<sup>14</sup> Nearly half a million women in Canada who lost jobs during the pandemic in 2020 hadn't returned to work by January 2021.<sup>15</sup> Employment losses during the pandemic were consistently more severe for Canadian women compared to men,<sup>16</sup> resulting in significant detrimental impacts to Canada's economy. This is one way in which the pandemic represents a threat to social and economic progress.

### Canada's plan for early learning and child care

In the context of the pandemic, the federal government committed to building an ambitious Canada-wide child care system, outlining its initial plan in Budget 2021. Canada currently has a patchwork child care system with significant variation in costs and quality, relying on private and for-profit child care providers funded by parent fees.

The federal plan aims to transform the system to enable access to affordable and quality child care across the country, and includes a greater focus on supporting not-for-profit, regulated child care and the sector's workforce.

The federal government has compared its current ELCC plan to past foundational efforts to build public education and health care systems in Canada.<sup>17</sup>

The federal plan aims to increase child care affordability, to grow the number of spaces with a focus on the not-for-profit sector and to enable flexibility in the system with proposed investments totaling \$27.2 billion over five years. The federal government has outlined goals in relation to affordability, including a 50% reduction in average parent fees for all regulated child care by the end of 2022, and \$10-per-day average fees by 2025/26 for all regulated spaces. Budget 2021 also commits to tabling legislation in fall 2021 that would "enshrine the principles of a Canada-wide child care system in law." Combined with previous commitments, federal spending is expected to total around \$34 billion over a five-year period, reaching \$9.2 billion annually by 2025/26. This includes \$2.5 billion in planned investments in Indigenous Early Learning and Child Care.

The federal government intends to make separate bilateral agreements with each province and territory.<sup>18</sup> As of early August 2021, six bilateral agreements have been signed with British Columbia, Newfoundland and Labrador, Nova Scotia, Prince Edward Island, Quebec and Yukon. Currently, provinces and territories, which have primary responsibility for ELCC in Canada, spend significantly more on child care than the federal government. The intent is to bring the federal government to an equal share of total national child care spending over the next five years. This new federal plan is significantly greater in scale and ambition than past federal proposals and represents an opportunity to fundamentally transform the child care system in a way that encourages sustainable population growth and paves the way for long-term economic prosperity.

11 Friendly, M. Forer, B., Vickerson, R. and Mohamed, S. Childcare Resource and Research Unit, Canadian Childcare Federation, Child Care Now (2020). <https://childcarecanada.org/sites/default/files/Canadian-Child-Care-COVID19-Survey-Data-Report.pdf>

12 Child Care Now (2020) "Child care survey results: Reopening brings concerns, requires money." Available at: <https://timeforchildcare.ca/2020/06/10/child-care-survey-results-reopening-brings-concerns-requires-money/>

13 Department of Finance Canada (2020). Fall Economic Statement 2020: Supporting Canadians and Fighting Covid-19. <https://budget.gc.ca/fes-eea/2020/report-rapport/toc-tdm-en.html>.

14 RBC (2020). Pandemic threatens decades of women's labour force gains. Available at: <https://thoughtleadership.rbc.com/pandemic-threatens-decades-of-womens-labour-force-gains/>

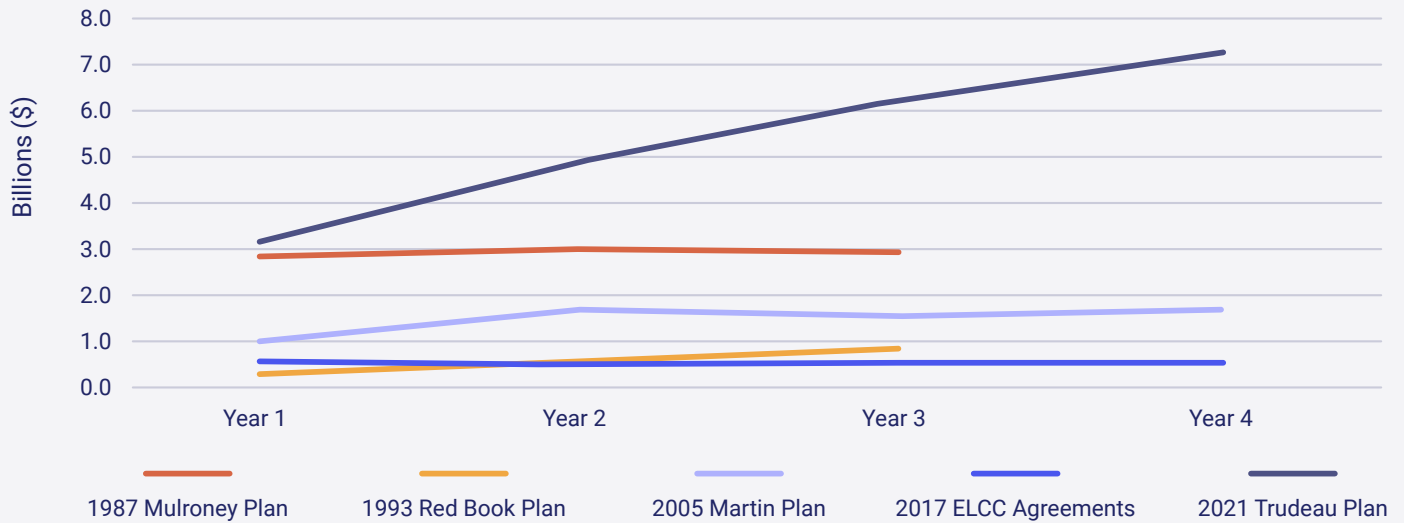
15 RBC (2021) COVID Further Clouded the Outlook for Canadian Women at Risk of Disruption. Available at: <https://thoughtleadership.rbc.com/covid-further-clouded-the-outlook-for-canadian-women-at-risk-of-disruption/>

16 Grekou, D. and Lu, Y. (2021). Gender differences in employment one year into the COVID-19 pandemic: An analysis by industrial sector and firm size. Statistics Canada. Available at: <https://www150.statcan.gc.ca/n1/pub/36-28-0001/2021005/article/00005-eng.htm>

17 Government of Canada (2021) Budget 2021: A recovery plan for jobs, growth and resilience. Available at: <https://www.budget.gc.ca/2021/home-accueil-en.html>

18 Dickson, J., El Shennawy, L., and Curry, B. (2021) Ottawa will tailor child-care funding to each province, Freeland says. The Globe and Mail. Available at: <https://www.theglobeandmail.com/politics/article-ottawa-will-tailor-child-care-funding-to-each-province-freeland-says/>

**Figure 3: Federal child care plan investment levels compared**



Reproduced from analysis by David Macdonald, Canadian Centre for Policy Alternatives. Available at: [https://www.datawrapper.de/\\_/YkxLf/](https://www.datawrapper.de/_/YkxLf/)  
(Figures are GDP adjusted up to 2020, afterwards they are nominal)

Overall, significant support has been voiced for the federal plan. Child care advocates expressed “excitement and anticipation” and called the plan “ambitious but also sensible.”<sup>19</sup> Stakeholders in the business community also expressed enthusiasm for the plan, with the Business Council of Canada giving the national plan “full marks.”<sup>20</sup>

Initial reception from provincial governments was mixed, with some fully endorsing the plan and others raising concerns about whether there will be sufficient flexibility for local design.<sup>21</sup> Some critics of the federal plan have argued that a focus on not-for-profit delivery could reduce flexibility and options for parents.<sup>22</sup> However, supporters have applauded

the federal government’s commitment to the not-for-profit sector, pointing to evidence that reliance on for-profit child care compromises objectives of greater affordability and quality.<sup>23</sup> Additionally, while some critics have argued that greater emphasis on existing tax benefits and deductions would be preferred,<sup>24</sup> supporters have indicated that the vision of a Canada-wide system cannot be achieved without directly funding services and supporting the ELCC workforce, particularly in light of the pandemic’s impact on child care across the country.<sup>25</sup> They have also noted that greater public funding is critical for access in rural and remote communities.<sup>26</sup>

19 Child Care Now (2021). Federal budget plan for child care is the turning point. Available at: <https://timeforchildcare.ca/2021/04/19/federal-budget-plan-for-child-care-is-the-turning-point/>; Childcare Resource and Research Unit (2021). Federal budget 2021: The child care budget. Available at: <https://childcarecanada.org/resources/issue-files/federal-budget-2021-child-care-budget>.

20 Business Council of Canada (2021). Budget 2021 is well-intentioned but government’s spending plans underscore need for strong economic growth. Available at: <https://thebusinesscouncil.ca/publication/statement-on-budget-2021/>

21 Dickson, J., El Shennawy, L., and Curry, B. Ottawa will tailor child-care funding to each province, Freeland says. The Globe and Mail. Available at: <https://www.theglobeandmail.com/politics/article-ottawa-will-tailor-child-care-funding-to-each-province-freeland-says/>

22 MacKinnon, J. and Mintz, J. (2021). “Opinion: If the Liberals really wanted a successful federal daycare program, this one isn’t it,” National Post. Available at: <https://nationalpost.com/opinion/opinion-federal-daycare-program-will-not-live-up-to-the-hype>

23 Friendly, M. et al (2021). Risky Business: Child care ownership in Canada past, present and future. Childcare Resource and Research Unit. Available at: <https://childcarecanada.org/publications/occasional-paper-series/21/06/risky-business-child-care-ownership-canada-past-present>; All for Child Care (2018). Why For-Profit Child Care is Not the Solution. Available at: <https://allforchildcare.ca/2018/11/22/why-for-profit-child-care-is-not-the-solution/>

24 Dickson, J., El Shennawy, L., and Curry, B. (2021) Ottawa will tailor child-care funding to each province, Freeland says. The Globe and Mail. Available at: <https://www.theglobeandmail.com/politics/article-ottawa-will-tailor-child-care-funding-to-each-province-freeland-says/>; Boessenkool, K. (2021). “The good, the bad and the opportunity in the federal child care plan.” The Hub. Available at: <https://thehub.ca/2021-05-03/ken-boessenkool-the-good-the-bad-and-the-opportunity-in-the-federal-child-care-plan/>

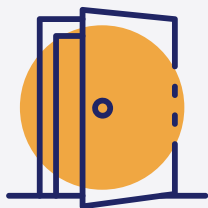
25 Lysack, M. (2021). National childcare system must support childcare workers. First Policy Response. Available at: <https://policyresponse.ca/national-childcare-system-must-support-childcare-workers/>

26 Friendly, M. Ferns, C. Grady, B. and Rothman, L. (2016). Child care can’t wait till the cows come home: Rural child care in the Canadian context. Childcare Resource and Research Unit. Available at: <https://childcarecanada.org/sites/default/files/Occasional%20paper%20No.30.pdf>



## Key issues and challenges in the current system

There are three inter-related goals that must be achieved as we collectively implement a Canada-wide system. How to achieve these goals must be a focus for bilateral federal-provincial agreements and government communications on the first agreements suggest they are being emphasized.



**Access** to child care typically refers to the availability of spaces. There are a limited number of regulated child care spaces available to meet demand in Canada, often leading to long wait lists.<sup>27</sup> Canada had regulated child care spaces for a little more than a quarter of children in 2019 (26.9% for children aged zero to five).<sup>28</sup> In comparison, many similar countries have made spaces available for all children. The federal government has committed to ongoing annual growth of spaces across the country. Low-income populations, those that work non-standard hours, newcomers, Indigenous peoples, and those living in rural and remote communities frequently face greater access challenges. There are some parts of Canada where there are no child care options.<sup>29</sup>



**Affordability** is a major challenge with significant variation in costs depending on geography. In 2020, median monthly child care fees for infants ranged from \$181 (in cities in Quebec, with its universal system) to \$1866 (in Toronto, with primarily private delivery).<sup>30</sup> Currently, child care operations are largely dependent on parent fees, which is the main reason for affordability challenges. Fees for child care in Canada are among the highest in the OECD.<sup>31</sup> In 2020, 59% of parents who reported not using child care during the pandemic in a Statistics Canada survey<sup>32</sup> said the difficulty was finding affordable care.<sup>33</sup> The federal government has committed to substantially reducing and streamlining parent fees across Canada.



**Quality** of child care is important to the well-being of children. Insufficient forms of care can have a negative impact on children, with research indicating a strong relationship between the quality of child care and children's development.<sup>34</sup> The quality of child care in Canada has been found to be uneven. The child care workforce, a key determinant of quality, has typically been underfunded and not well supported.<sup>35</sup> This can disincentivize long-term commitment to work in the sector. The federal government has committed to investing in the early childhood educator workforce and addressing low wages.

27 Friendly, M., Beach, J., Mohamed, S.S., Rothman, L., Vickerson, R., & Young, C.A. (2020). Moving from private to public processes to create child care services in Canada. Childcare Resource and Research Unit. Available at: <https://childcarecanada.org/sites/default/files/moving-private-to-public-child-care-canada.pdf>

28 Childcare Resource and Research Unit (2020). Early Childhood Education and Care in Canada 2019. <https://childcarecanada.org/sites/default/files/ECEC-Canada-2019-full-publication-REV-12-2-21.pdf>

29 Friendly, M., Ferns, C., Grady, B. and Rothman, L. (2016). Child care can't wait till the cows come home: Rural child care in the Canadian context. Childcare Resource and Research Unit. Available at: <https://childcarecanada.org/sites/default/files/Occasional%20paper%20No.30.pdf>

30 Macdonald, D., & Friendly, Martha. (2021). Sounding the Alarm: COVID-19's impact on Canada's precarious child care fees sector. Canadian Centre for Policy Alternatives. Available at: <https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2021/03/Sounding%20the%20alarm.pdf>.

31 OECD (2020). Is Child Care Affordable? <https://www.oecd.org/els/family/OECD-Is-Childcare-Affordable.pdf>

32 The Survey on Early Learning and Child Care Arrangements (SELCCA) includes any form of care for children aged 0 to 5, regulated or unregulated, by someone other than a parent or guardian. Examples include centre-based facilities and care in a home by a relative or non-relative, as well as before- and after-school programs. Occasional babysitting and kindergarten were not considered child care for purposes of this survey.

33 Statistics Canada (2021). Survey on Early Learning and Child Care Arrangements, 2020. Available at: <https://www150.statcan.gc.ca/n1/daily-quotidien/210407/dq210407b-eng.htm>

34 Shonkoff, J., & Phillips, D. (Eds.) (2000) From neurons to neighbourhoods: The science of early childhood development. Washington, DC. National Academy Press. <https://www.ncbi.nlm.nih.gov/books/NBK225557/>

35 Childcare Resource and Research Unit (2020). Early Childhood Education and Care in Canada 2019. <https://childcarecanada.org/sites/default/files/ECEC-Canada-2019-full-publication-REV-12-2-21.pdf>

## What can we learn from other models?

### Quebec

Quebec's existing child care system, which includes low fees and direct support for not-for-profit centres, has been highlighted by the federal government as a model for the rest of Canada. Quebec is currently the only province with a universal subsidized child care program,<sup>36</sup> resulting in care that is significantly more affordable than the rest of Canada. Quebec also spends significantly more on child care compared to other provinces and is close to the OECD average while the rest of Canada is well below.<sup>37</sup>

Since its child care program was implemented, Quebec's employment rate for mothers (aged 25 to 54) with a child under the age of six has far outpaced the rest of the country, growing by 18.4 percentage points between 1996 and 2019 compared to only 7.4 in the rest of Canada.<sup>38</sup>

However, Quebec's system also currently has challenges with access and variation in quality of care. Low-fee, not-for-profit, directly public-funded child care centres are generally high quality, but do not have sufficient spaces to meet demand, resulting in long waitlists. Other types of child care centres in Quebec, including for-profit centres, are seen as having less consistent quality, resulting in a multi-tiered system in terms of costs and quality of services.<sup>39</sup> The new bilateral agreement will address some of these challenges and expand access to 22,000 more spaces.

**Key lesson:** Quebec's model shows what is possible when governments directly fund child care operations and invest at more substantial levels. Quebec's program has brought significant benefits to the province and set the foundation for increased labour market participation. Nonetheless, there are concerns that even though child care is more affordable, quality and access can be uneven. An important lesson is that the issues of affordability, quality and access are inter-related and must be addressed at the same time.

### Germany

Children between the ages of one and three are guaranteed child care in Germany. This legal right was implemented by the federal government in 2013. Parents in Germany can sue for lost wages if they are unable to find child care. The country took steps to improve child care starting in the mid-2000s in order to improve gender equality, address labour shortages, and respond to low fertility rates.<sup>40</sup>

Over the last decade, Germany's ELCC expenditures grew significantly and 560,000 child care spaces were created. Federal, state and local authorities agreed to establish and expand quality child care spaces for children younger than three years of age. The federal government took a lead role and contributed funding to expand child care through a special fund. Since 2008, the federal government has spent 3.28 billion Euros to expand child care spaces for children under the age of three.<sup>41</sup>

Local authorities directly operate public child care centres, though there is private delivery as well. Child care centres – both public and private – generally receive support through local authorities, regional authorities (through subsidies for investment, personnel and material costs) and affordable parental fees.<sup>42</sup>

**Key lesson:** A federal system can achieve results. Germany is a federal state, like Canada, and has guaranteed child care for all children through a process that involves all levels of government agreeing to a model and providing support, including significant federal investment with local authorities in charge of maintaining public child care across the country.

36 Fortin, P. (2017) "What Have Been the Effects of Quebec's Universal Child care System on Women's Economic Security?" Brief submitted to the Standing Committee on the Status of Women. Available at: <https://www.ourcommons.ca/content/Committee/421/FEWO/Brief/BR8806290/br-external/Fortin-Pierre-e.pdf>

37 Arsenault, G., Jacques, O. and Maioni, A. (2018) "What makes Quebec such an outlier on child care?" Policy Options. <https://policyoptions.irpp.org/magazines/april-2018/what-makes-quebec-such-an-outlier-on-child-care/>

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## United States

The United States had a similar experience to Canada: Covid-19 highlighted the importance of child care, with 10 million mothers of school-age children unemployed at the start of 2021.<sup>43</sup> In April 2021, the Biden administration proposed to make significant improvements to child care through the American Families Plan.

The plan outlines an investment of \$225 billion toward making child care more affordable, supporting high-quality child care and investing in the child care workforce. It aims to ensure that low- and middle-income families do not pay more than 7% of their income on child care for children under five years of age. The plan also calls for a partnership with states to offer free preschool to all children three and four years of age.<sup>44</sup>

Other U.S. politicians have suggested even more significant action. For instance, there has been a call by one U.S. senator for a \$700 billion investment in child care and early education.<sup>45</sup>

**Key lesson:** Significant steps proposed in the United States illustrate growing momentum internationally for child care as a mechanism to build an inclusive and thriving post-pandemic economy. Canada should not be left behind on ELCC.

## Next steps: The big picture

At Century Initiative, we believe the country will continue to face a series of significant policy choices that will impact Canada's ability to achieve a population of 100 million and to secure its long-term economic prosperity and global influence in this century. Child care is one such policy choice. And it is in front of us today.

A universal ELCC system can have major economic impacts, with one projection finding that it could increase annual GDP by \$63 billion to \$107 billion per year.<sup>46</sup> An ELCC system delivers across multiple bottom lines: increasing women's labour force participation, creating jobs in the care sector, supporting children's development, and attracting and retaining immigrants.<sup>47</sup>

The patchwork approach that Canada has historically taken with child care has been insufficient to address the issues of access, affordability and quality. Canadian and international models provide important lessons and illustrate that a more robust and universal approach to child care can be achieved.

The federal government has made a commitment to a strong pan-Canadian system that will include provincial variation. This is an important step, as was the signing of the first federal-provincial agreements in July. In the coming year, however, as political debate heats up and policy, program and funding decisions get made, there is a risk that this momentum will stall, just as with previous initiatives. We cannot allow that to happen. All children and parents in Canada deserve access to quality, accessible and affordable child care.

We offer the following advice for decision-makers and leaders over the next year:

- | Maintain a consensus across parties, regions and diverse interests and constituencies that a stronger system is absolutely necessary to support labour market participation, population growth and sustainable prosperity.
- | Reconceptualize early learning and child care as part of our core public services, just like health care and unemployment insurance.
- | Approach the issue of child care as a key pillar of social and economic infrastructure that must be included in community planning efforts, just like schools, parks and public transit.
- | Accommodate the unique needs of different kinds of communities, including low-income, rural, Indigenous and urban populations.
- | Although there will be some variation across the country, investments must prioritize more spaces, more affordable fees and supporting the ELCC workforce.
- | Include those who run and deliver early learning and childcare services in program design decisions to ensure programs reflect on-the-ground needs and realities.

Getting our child care system right is one of the necessary pillars and enablers of healthy, sustainable population growth. It will help ensure Canada's economic prosperity for years to come.

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