

CHILD CARE IN CANADA: THE FEDERAL ROLE

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CHILD CARE IN CANADA: THE FEDERAL ROLE

A NEW APPROACH TO CHILD CARE

The rising participation of women in paid work⁽¹⁾ has heightened demands for affordable, high-quality child care programs. At the same time, developments in neurobiology and the social sciences have highlighted the importance of the early childhood period in setting the stage for long-term emotional, behavioural, and intellectual well-being.⁽²⁾ These factors have resulted in a greater focus on the need for early childhood programs that can:

- prepare children to succeed at school;
- improve the well-being of vulnerable children; and
- enable the participation of parents in the labour force and in continuing education.

The terms *early learning and child care* and *early childhood education and care* encompass these multiple purposes of early childhood programs.

Policy discussions about early childhood education and care in Canada have, in the past, focused on the role of child care in facilitating women's participation in the labour force. This has resulted in a focus on *child care* rather than on *early childhood education*. Other countries have approached early childhood education and care with a focus on education. For example, several European nations incorporate care of preschool children into the school system by providing optional educational programs for children as young as two years of age.

In Canada, as elsewhere, there has been a growing recognition of the importance of the early childhood period and the need to support young children, whether their parents are at home or in the paid labour force. Child care advocacy organizations now call for services that provide learning environments for all young children, not only those whose parents are in the paid work force.

(1) In 2002, 65% of women in Canada with children under age six were employed.

(2) J. Fraser Mustard and Margaret Norrie McCain, *Reversing the Real Brain Drain: Early Years Study*, Final Report, Canadian Institute for Advanced Research, Toronto, 1999.

THE FEDERAL ROLE IN CHILD CARE

Canada, however, lags behind many of its counterparts in the Organisation for Economic Co-operation and Development (OECD) with regard to early childhood development programs, both in terms of the proportion of GDP spent on public funding of early childhood education and care and in terms of enrolment of children in preschool education.⁽³⁾ Canada does not have a national child care program at this time.

Education and child care fall primarily under provincial jurisdiction, and the federal role is limited largely to the transfer of funds to provincial and territorial governments for early childhood programs and services. However, the federal government does play a direct role in providing early learning and child care for First Nations communities, military families, and immigrants and refugees. Different approaches to early childhood services among the provinces and territories⁽⁴⁾ have resulted in significant differences across the country in the availability and affordability of high-quality child care services.

Over the past decade, the federal government has adopted a more proactive approach to collaborating with the provinces and territories to improve services for young children. A dialogue initiated in 1997 between the federal government and the provinces and territories (except for Quebec) led to the creation of the National Children's Agenda,⁽⁵⁾ a framework and vision for working together to improve the well-being of children. At the same time, the federal, provincial and territorial governments agreed to the Social Union Framework Agreement (1999),⁽⁶⁾ which would allow them to work cooperatively, through the Federal-Provincial-Territorial Council on Social Policy Renewal,⁽⁷⁾ to support the delivery of social programs and services. This led to the development of a series of measures for young children,

(3) Organisation for Economic Co-operation and Development, *Starting strong: Early childhood education and care*, Paris, 2001.

(4) Current developments in child care in all provinces and territories are updated by the Childcare Resource and Research Unit and can be accessed at <http://www.childcarecanada.org/res/cdpt/index.html>.

(5) More information about the National Children's Agenda can be found on the website of the Social Union Framework Agreement at http://socialunion.gc.ca/nca_e.html.

(6) For more information about the Social Union Framework Agreement, see http://socialunion.gc.ca/menu_e.html.

(7) Although it shares essentially the same concerns, the Government of Quebec does not participate on the Council.

including the National Child Benefit (1998),⁽⁸⁾ the Early Childhood Development Initiative (2000)⁽⁹⁾ the Multilateral Framework on Early Learning and Child Care (2003),⁽¹⁰⁾ the 2005 Bilateral Agreements with provinces⁽¹¹⁾ as well as the 2006 Universal Childcare Benefit.⁽¹²⁾

This paper examines the impact of the following programs and initiatives:

- National Child Benefit
- Early Childhood Development Initiative
- Multilateral Framework on Early Learning and Child Care
- bilateral agreements with the provinces
- direct payments to families.

Other ways in which the federal government supports early childhood services are also briefly discussed.

THE NATIONAL CHILD BENEFIT

Through the National Child Benefit (NCB), the federal government, the provincial and territorial governments, and First Nations made a commitment to work together to reduce the depth of child poverty, support parents as they move into the labour force, and reduce overlap and duplication of government programs. The NCB has two components:

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- (8) Program information about the National Child Benefit is available at <http://www.nationalchildbenefit.ca>.
- (9) More information about the Early Childhood Development Initiative can be found at http://socialunion.gc.ca/ecd_e.html.
- (10) Although the Government of Quebec supports the general principles of the Early Childhood Development Initiative and the Multilateral Framework on Early Learning and Child Care, it did not participate in developing these initiatives. However, Quebec receives its share of federal funding, and the Government of Quebec is making major investments toward programs and services for families and children. More information about the Multilateral Framework on Early Learning and Child Care is available at http://socialunion.gc.ca/ecd-framework_e.htm.
- (11) More information about the bilateral agreements can be found at http://www.hrsdc.gc.ca/en/cs/comm/sd/news/agreements_principle/index.shtml.
- (12) More information about direct payments to families can be found at <http://www.hrsdc.gc.ca/en/corporate/newsroom/speeches/finleyd/060407.shtml>.

- the National Child Benefit Supplement, which provides a monthly payment to low-income families with children; and
- benefits and services provided by the provincial, territorial and First Nations governments.

One of the aims of the National Child Benefit is to help families make the transition from social assistance to paid employment. In most provinces and territories, this is done by reducing social assistance payments to families by the amount they are receiving from the NCB supplement and reinvesting those savings in a range of services and benefits for children. The net result is that, in most jurisdictions, the NCB has increased benefits and services, including child care services, for children in low-income families.

The impact of NCB reinvestments on the availability and quality of early learning and child care services differs across the country, however. Although almost one-third of NCB reinvestments are directed toward child care,⁽¹³⁾ provinces and territories differ in how they invest in child care. Some jurisdictions provide funding through subsidies to child care facilities, thereby increasing the stock of high-quality child care. Others provide assistance directly to families.

THE EARLY CHILDHOOD DEVELOPMENT INITIATIVE

The flexibility given to the provinces and territories in choosing whether and how to invest in early learning and child care is also evident in the Early Childhood Development Initiative (ECDI). Under this initiative, the federal government is providing \$2.2 billion over five years, beginning in 2001-2002, to provincial and territorial governments to support their investments in early childhood services and supports. The federal government transfers funds through the Canada Social Transfer (formerly the Canada Health and Social Transfer) so that provincial and territorial governments may invest in the following areas:

- healthy pregnancy, birth and infancy
- parenting and family supports
- early childhood development, learning and care
- community supports.

(13) For more details, see the 2002 progress report of the National Child Benefit at <http://www.nationalchildbenefit.ca/ncb/NCB-2003/4.html>.

In 2003, the Government announced a continuation in funding after 2005-2006 at the level of \$500 million per year.

The degree of flexibility given to the provinces and territories in allocating these funds has led to significant variances in services and programs. Although some jurisdictions have chosen to increase or improve child care services, others have not invested in child care at all. In fact, some provinces have witnessed a decrease in the availability and affordability of child care since 2001, despite the availability of the ECDI funding.

THE MULTILATERAL FRAMEWORK ON EARLY LEARNING AND CHILD CARE

The discretionary power of the provinces and territories in the allocation of National Child Benefit savings and ECDI funds has limited the federal contribution to improving the quality and availability of regulated child care in Canada. The federal government recently initiated a funding transfer that is more directly focused on early learning and child care. In its 2003 budget, the government announced a \$935 million investment over a five-year period to increase the number of child care and preschool spaces, improve the quality of child care and preschool services, and reduce the cost of those services to families on low or modest incomes. In the 2004 Budget, an additional \$75 million was added to early learning and child care funding for 2004-2005 and 2005-2006, bringing the total to \$1.05 billion over five years.

In 2003, the First Ministers (with the exception of the Premier of Quebec) developed a Multilateral Framework on Early Learning and Child Care. They agreed to use the federal investment to increase capital and operating funding, fee subsidies, staff support, quality assurance, and parent information and referral in provincially or territorially regulated⁽¹⁴⁾ early learning and child care programs. Funding is transferred to the provincial and territorial governments through the Canada Social Transfer, and is subsequently made available to support child care centres, family child care, preschools and nursery schools. The federal, provincial and territorial governments have made a commitment under the Framework to report annually to Canadians on their progress in improving access to affordable, high-quality early learning and child care programs and services.

(14) For more information on the difference between regulated and unregulated child care, see Julie Cool, *Child Care in Canada: Regulated, Unregulated, Private or Public*. PRB 04-18E, Parliamentary Information and Research Service, Library of Parliament, June 2004, <http://lpinrabp.parl.gc.ca/lopimages2/prbpubs/inbrief1000/prb0418-e.asp>.

BILATERAL AGREEMENTS WITH THE PROVINCES ON EARLY LEARNING AND CHILD CARE – 2005

In the 2004 Speech from the Throne the Government of Canada announced that it would work with the provinces and territories to put in place a national system of early learning and child care based on four key principles: quality, universality, accessibility and developmental programming. These are widely referred to as the QUAD principles.

However, despite the federal government's hopes, negotiations with the provincial/territorial governments did not lead to a multilateral agreement on a national child care program. The main points of contention were the requirement to report on measurable outcomes related to the QUAD principles, and concerns that the funding could be spent only on non-profit child care. Meeting in February 2005, the federal, provincial and territorial social services ministers insisted on the need for flexibility from the federal government and decided to resume discussions after funding details had been announced in the budget.

The 2005 Budget committed \$5 billion over five years to enhance and expand early learning and child care in collaboration with provinces and territories, allocating \$700 million in the 2006-2007 fiscal year and \$1.2 billion in each of the next three years. To provide some funding while it negotiated the terms of child care agreements with the provinces, the federal government set aside \$700 million in a trust fund to be accessed by the provinces by 31 March 2006.

The 2005 Budget also contained clarification on the QUAD principles, defining them as follows:

- *Quality* – evidence-based, high quality practices relating to programs for children, training and supports for early childhood educators and child care providers, and provincial/territorial regulation and monitoring.
- *Universally inclusive* – open to all children, without discrimination.
- *Accessible* – available and affordable for those who choose to use it.
- *Developmental* – focused on enhancing early childhood learning opportunities and the developmental component of ELCC [early learning and child care] programs and services.

The federal government entered into negotiations with individual provinces, leading to bilateral agreements-in-principle with nine provinces between April and November 2005. In signing the agreements-in-principle, provinces made a commitment to developing detailed Action Plans that identified their spending priorities, based on the four QUAD principles.

Ontario and Manitoba released their Action Plans and entered into final funding agreements with the Government of Canada in November 2005. Quebec had not signed an agreement-in-principle, but negotiated and signed a funding agreement to support its existing early learning and child care system in October 2005. These agreements committed the federal government to a five-year funding program, with a one-year back-out provision.

MOVING TOWARD DIRECT PAYMENTS TO FAMILIES FOR CHILD CARE

In January 2006, the Government of Canada gave one year's notice that it would cancel the bilateral child care agreements with the provinces. Although it was legally bound to provide funding only to the three provinces that had signed final agreements with the federal government on child care, the Government announced that all jurisdictions would receive federal funding for one year, ending 31 March 2007.

In the 2006 Speech from the Throne, the Government promised to provide direct financial support to families and to encourage the creation of new child care spaces in collaboration with the provinces and territories, employers and non-profit community organizations. This would include:

- a new \$1200 per year Choice in Child Care Allowance⁽¹⁵⁾ for each child under six, starting in 2006; and
- a Community Child Care Investment Program,⁽¹⁶⁾ which would provide tax credits for employers to create new child care spaces for their employees or for the wider community. It was suggested that this program would create 25,000 new spaces per year, or 125,000 spaces over the next five years.

(15) Subsequently renamed the Universal Child Care Benefit.

(16) Subsequently renamed the Child Care Spaces Initiative.

In September, 2006, the Honourable Diane Finley, Minister of Human Resources and Social Development, announced the creation of a ministerial advisory committee that would advise her on the design of the Child Care Spaces Initiative, which had received limited uptake. The Ministerial Advisory Committee on the Government of Canada's Child Care Spaces Initiative submitted its report in January 2007, outlining recommendations to: increase the supply of child care spaces, expand parental leave under Employment Insurance in order to decrease the demand for child care, increase parents' ability to pay for high-quality child care, increase awareness and understanding of child care needs, and address child care human resources challenges.

In March 2007, the federal government redirected the \$250 million a year it had set aside for the Community Child Care Investment Program to provincial and territorial governments "to support the creation of child care spaces that are responsive to the needs of parents, and are administered in an efficient and accountable manner."⁽¹⁷⁾ In its 2007 Budget, the government also announced that it would provide a 25% tax credit to businesses that create licensed child care spaces in the workplace.

OTHER FEDERAL SUPPORTS TO EARLY LEARNING AND CHILD CARE IN CANADA

In addition to the transfers to provincial and territorial programs and services described above, the federal government invests in early learning and child care in Canada by directly providing early childhood services to First Nations communities, military families, and immigrants and refugees. It also funds research, supports early childhood development initiatives in official language minority communities, and supports national organizations that focus on child care, such as the Child Care Human Resources Sector Council. A full listing of early childhood services provided by the federal government is provided in the baseline report it prepared as part of its commitment under the Multilateral Framework on Early Learning and Child Care.⁽¹⁸⁾

(17) Department of Finance Canada, *Aspire to a Stronger, Safer, Better Canada*, The Budget Plan 2007, Tabled in the House of Commons by the Hon. James M. Flaherty, P.C., M.P., Minister of Finance, 19 March 2007, p. 124.

(18) *Early Learning and Child Care Activities and Expenditures: Baseline Report 2002-2003*, part of *Early Childhood Development Activities and Expenditures: Government of Canada Report 2002-2003*, Ottawa, 2003, <http://socialunion.gc.ca/ecd/2003/RH64-20-2003-AE.pdf>.

Combined with programs such as the National Child Benefit and the Early Childhood Development Initiative, the investment under the Multilateral Framework on Early Learning and Child Care and the Child Care Spaces Initiative confirms the federal government's recognition of the role of early childhood programs in strengthening the foundations of lifelong learning, improving the well-being of vulnerable children, and supporting the needs of families.