

BUILDING ONTARIO'S CHILD CARE SYSTEM



Child care as a national priority

In the 2021 budget, the federal government made a historical commitment to create a national child care system. Unions, child care advocates, parents, and Canadians across the country supported this announcement, which committed \$30 billion over the next five years, bringing the annual federal funding to an estimated \$9.2 billion for early learning child care by 2025-26.

Unifor supports the principles set out by the federal government in the 2021 budget, which would form the backbone of the bilateral agreements with the provinces and territories. These include:

- Improving access to quality, affordable, flexible, and inclusive early learning and child care programs and services.
- Reducing child care fees by 50% by 2022 and bringing down average parent fees to \$10 a day by 2026.
- Properly compensating workers in the sector, and creating training and development opportunities to support the growth of early childhood educators in the system.
- Expanding regulated child care spaces, particularly by not-for-profit child care providers.
- Expanding before- and after-school care.
- Supporting greater access to high-quality care for Indigenous families.
- Making child care centres more physically accessible through specific infrastructure improvements.

This announcement addresses a number of areas: supporting parents to work, creating better jobs for mostly women childcare workers, and helping to boost early learning and development. With a significant funding commitment from the federal government, there is no better time to conclude a bilateral agreement that would advance a universal public system of early learning and child care in Ontario.

Public child care: Pays for itself and benefits everyone

The pandemic improved our understanding of the importance of early learning and child care services in ensuring Canadians could work and have a healthy work-life balance. Parents working in essential services struggled to find proper care for their children when schools and child care facilities closed. For those parents working at home, so many have struggled to balance their work and child care duties. The crisis has really highlighted how inadequate our child care system was before the pandemic.

Child care advocates have long called for a universal, accessible and affordable child care system – critical social infrastructure that would benefit everyone. It was more than 50 years ago that the Royal Commission on the

Status of Women in Canada called on the federal government to work with provinces and territories to establish a national child care plan. After all, every person knows someone who relies on child care.

Business leaders have supported the expansion of child care as an important labour force measure for the economic recovery from the pandemic. Meanwhile, workers and parents fully understand how expanded public child care is good for boosting participation in the workforce, especially for women and parents from lower-income households.

The economic and social impact of a national child care system is enormous. This includes the direct economic activity associated with expanded services, increased labour force participation and employment for parents (especially mothers), and the long-term benefits of improved capacities of children who participated in early learning and child care in their childhood years. Quality child care is a way of closing the gap between development opportunities of the rich and poor.

While quantitative estimates of the economic benefits of child care vary, they are always estimated to be significant. For example, a broad estimate of the sector's total GDP is \$7 billion per year.¹ Any new investment in child care will also produce work in other parts of the economy – the multiplier effects of increased purchasing power for parents and workers – due to higher employment and incomes in the sector.

Canada has had the benefit of “testing” a near-universal child care program in Quebec that began in the 1990s. Research confirms that the introduction of the province-wide system in Quebec was a key factor in increasing workforce participation and raising incomes for women. It is estimated that for every dollar invested by government – mostly the provincial government in this case – into the program, about 1.5 times the amount of revenue is generated directly to both the provincial and federal levels of government.²

There is overwhelming evidence that child care “pays for itself.” In addition to increased government revenue, the economic impact reaches far beyond if we consider the “multiplier” impacts to local communities and the broader economy. Various studies looking at the total economic activity resulting from child care programs ranges between 3-to-1 and 11-to-1, when looking at benefit-cost ratios.

While the federal government has taken the initiative to create a nation-wide system, the provinces will benefit from the implementation of the new system. Provincial economies will get a significant boost, especially during this time where we need more employment opportunities, spending power and production. Aside from the tens of thousands of new jobs that will be created (directly and indirectly), provincial government revenue across the country would grow by a projected \$8-14 billion per year.³

Most provinces and territories have already signed agreements

On July 8, 2021, the federal government and British Columbia signed the first bilateral agreement under this new framework. As part of this historic agreement, the federal government is investing \$3.2 billion over five years, while the province will be investing more than \$2.5 billion over the next three years.

1 Jim Stanford (2020). “The Role of Early Learning and Child Care in Rebuilding Canada’s Economy after COVID-19.” Centre for Future of Work.

2 Fortin, P.L, Godbout, and S. St-Cerny (2012). “Impact of Quebec’s Universal Low-Fee Childcare Program on Female Labour Force Participation, Domestic Income, and Government Budget.” Sherbrooke: Université de Sherbrooke, Chaire de recherche en fiscalité et en finances publiques.

3 Jim Stanford (2020). “The Role of Early Learning and Child Care in Rebuilding Canada’s Economy after COVID-19.” Centre for Future of Work.

The agreement will lead a 50 per cent reduction in parent fees under the age of six in regulated child care by the end of 2022, while achieving an average parent fee of \$10 per day within five years. The agreement will also lead to the creation of 30,000 new regulated early learning and child care spaces – which will be focused on public and non-profit institutions – for children under the age of six within five years, and 40,000 spaces within seven years. The agreement will also provide supports for early childhood educators, including the development of a provincial wage grid.

The federal government and Nova Scotia then signed the second bilateral agreement on July 13, 2021. The federal government is providing \$605 million over five years and the province is contributing an additional \$40 million over the same period on top of current annual funding. Like the B.C. agreement, parent fees will be reduced by 50% by the end of 2022 and will be reduced to \$10 per day within five years. Along with an additional 9,500 spaces to be created, the agreement includes a new early learning program with priority access given to vulnerable and equity-seeking families, along with enhanced before and after care options at schools.

The bilateral agreement also addresses workforce issues and provides supports for workers in the sector through training grants, development of a compensation framework for early childhood educators, financial support for current workers without a diploma, bursaries for students from equity-seeking groups, and development of training programs.

The Yukon government signed the third bilateral agreement on July 23, 2021. Significantly, it will boost the minimum wage to \$30 an hour for fully qualified early childhood educators, supporting the “ongoing implementation” of Yukon’s wage grid. It will be the highest minimum wage for early childhood educators in the country. The agreement also says it will continue its commitment to work with Yukon First Nations make sure Indigenous children in the territory have access to early learning and child care that is “affordable, high-quality and culturally appropriate.”

The Prince Edward Island government signed the fourth bilateral agreement on July 27, 2021. The agreement sets out a quicker timeline than the other agreements by reducing parent fees to \$10 per day by the end of 2024. In addition to reducing fees by 50% by the end of 2022 and creating 450 new spaces, the agreement includes a one-time investment of \$3.6 million for the early childhood education workforce. Newfoundland and Labrador signed the fifth bilateral agreement on July 28. The agreement commits to bring parent fees to \$10 per day by 2023, support year-round pre-kindergarten, creating 5,895 new regulated spaces, and creating a provincial wage grid for early childhood educators.

Quebec signed the sixth bilateral agreement on August 5, 2021, which will transfer \$6 billion over five years to support the province’s existing child care system. While there were less strings attached to the funding, Quebec’s Premier indicated that the federal money would go towards the expansion of spaces, improving compensation and working conditions for workers, and reimbursing expenses in the system that have already been incurred.

Manitoba signed the seventh bilateral agreement on August 9, 2021, that will create 23,000 new regulated spaces, including 1,700 extended hour spaces and guaranteed spaces for children whose parents are transitioning into regular employment. The agreement will create a provincial wage grid for early childhood educators, including a starting wage of \$25 an hour for certified level two early learning and childhood educators by the next fiscal year. The agreement also commits to reduce parent fees by 50% for children up to six years old in regulated spaces by the end of 2022 and bring fees to \$10 per day by 2023.

Saskatchewan signed the eighth bilateral agreement on August 13, 2021, that will create 28,000 new regulated spaces, including commitments to work with First Nations and Métis Nation communities to ensure Indigenous children have access to affordable, high-quality and culturally appropriate care. The agreement will create a provincial wage grid for early childhood educators and supports for education and professional development. Parent fees will be reduced by 50% for children up to six years old by the end of 2022 and to bring fees to \$10 per day within five years.

Alberta signed the ninth bilateral agreement on November 15, 2021, that will create 42,500 new regulated spaces, including commitments to work with Indigenous organizations that will support access to culturally-appropriate care. The agreement will support education and training for more skilled workers, and expand the wage top-up program. Parent fees will be reduced by 50% for children up to six years old by the end of 2022 and to bring fees to \$10 per day within five years.

New Brunswick signed the tenth bilateral agreement on December 13, 2021, that will create 3,400 new regulated spaces, including commitments to work with First Nations organizations. The agreement will create a provincial wage grid for early childhood educators, with wages increasing by nearly 25 per cent over the course of the agreement. Parent fees will be reduced by 50% for children up to six years old by the end of 2022 and to bring fees to \$10 per day within five years.

The Northwest Territories signed the eleventh bilateral agreement on December 15, 2021, that will create 300 new regulated spaces exclusively by not-for-profit providers. There are also commitments to work with Indigenous governments and stakeholders to support care for Indigenous children. The agreement will expand early childhood education training programs and create a provincial wage grid for early childhood educators. Parent fees will be reduced by 50% for children up to six years old by the end of 2022 and to bring fees to \$10 per day within five years.

It is time for Ontario to step up

It has been clearly demonstrated that provinces and territories have been eager to partner with the federal government and take advantage of the funding committed to advance a universal public system of early learning and child care. Ontario is the only province without a federal-provincial agreement (Nunavut also does not have an agreement yet).

In Ontario, where child care fees are among the highest in the country, and where there is a shortage of licensed and accessible spaces, the benefits of this federal funding are even greater. The seven most expensive cities for child care are all in Ontario, with eight out of the 10 highest annual infant fees in the country coming from in cities in Ontario.⁴

For example, the median cost for an infant in full-day child care was \$22,400 in Toronto in 2020. Even in the suburbs around Toronto, the cost was between \$17,400 and \$19,300. With a new bilateral agreement under the national child care plan, a Toronto family would save \$11,200 by 2022 and \$19,800 by 2026.

The cost savings for families would be massive. Meanwhile, parents will have a better ability to participate in the workforce and gain employment, while their children gain meaningful benefits through licensed early learning and child care programs. Children deserve quality care. Aside from the individual benefits, the broader

⁴ David Macdonald (2021). "A \$10-a-day national child care plan will mean big savings for parents." The Monitor, Canadian Centre for Policy Alternatives.

economic benefits to the province are clear. Expanded child care will spur significant economic activity during the pandemic recovery through job creation, increased spending power, increased productivity, and a boost in government revenue.

There is no better time than now to move child care forward in this province: the federal funding is available, other provinces have demonstrated that agreements can be negotiated, and expanding child care is overwhelmingly supported by Ontarians.

Unifor is calling on the provincial government to immediately take the next step and prioritize establishing an early learning and child care agreement with the federal government that is based on:

- 1 – Public management of ELCC provision
- 2 – Direct and sufficient public funding of ELCC operational budgets
- 3 – Public funding with conditions
- 4 – Publicly funded and managed expansion
- 5 – Expansion plans and strategies
- 6 – No expansion of for-profit ELCC
- 7 – Workforce strategies
- 8 – Data and research
- 9 – Public accountability
- 10 – Democratic participation of parent advisory and citizen engagement⁵

To learn more about Unifor’s campaign to bring quality, affordable child care to Ontario and to take action, go to: www.unifor.org/childcareontario

5 <https://timeforchildcare.ca/2021/07/06/canadas-roadmap-to-affordable-child-care-for-all/>



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