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IN BRIEF

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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, quality child care programs. At the same time, developments in neurobiology and 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 continuing education.

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

Policy discussions about early childhood education and care in Canada have, in the past, focussed 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 *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.

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.

Because education and child care fall under provincial jurisdiction, and the federal role is largely limited to the transfer of funds to provincial and territorial governments for early childhood programs and services, the federal government plays a direct role in providing early learning and child care only for First Nations people and military families. 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 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 between the federal government and the provinces/territories (except for Quebec) initiated in 1997 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 a 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, including the National Child Benefit (1998),⁽⁸⁾ the Early Childhood Development Initiative (2000)⁽⁹⁾ and the Multilateral Framework on Early Learning and Child Care (2003).⁽¹⁰⁾

The following sections of this paper examine the impact of the National Child Benefit program, the Early Childhood Development Initiative, and the Multilateral Framework on Early Learning and Child Care on child care services in Canada. The paper also briefly considers other ways in which the federal government supports early childhood services.

THE NATIONAL CHILD BENEFIT

Through the National Child Benefit (NCB), the federal government, the provincial/territorial governments and First Nations have 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:

- 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 to 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 these savings into a range of services and benefits for children. The net result of this is that, in most provinces, 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. While almost one-third of NCB reinvestments are targeted to child care,⁽¹¹⁾ 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 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; and
- community supports.

The degree of flexibility given to provinces in allocating these funds has led to significant variances in services and programs. While 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 provinces in the allocation of NCB 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 focussed 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 low-income and modest-income families. 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 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/territorially regulated⁽¹²⁾ early learning and child care programs. Funding is transferred to the provincial and territorial governments through the Canada Social Transfer, and 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.

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 and military families. 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.⁽¹³⁾

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 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. While federal spending on early learning and child care is still significantly lower than the

approximately \$10-12 billion⁽¹⁴⁾ some advocates suggest would be needed annually to create a universal system of early childhood learning and care, the Multilateral Framework on Early Learning and Child Care has been called "the closest that governments in Canada have come to agreeing on a national child care program."⁽¹⁵⁾

- (1) In 2002, 65% of women in Canada with children under age six were employed.
- (2) Dr. Fraser Mustard and the Hon. Margaret Norrie McCain, *The Early Years Study: Reversing the Real Brain Drain*, Publications Ontario, 1999.
- (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 Web site of the Social Union Framework Agreement at: http://socialunion.gc.ca/nca/nca_e.html.
- (6) For more information about the Social Union Framework Agreement, see: http://socialunion.gc.ca/menu_e.html.
- (7) While sharing essentially the same concerns, the Government of Quebec does not participate on the Federal-Provincial-Territorial Council on Social Policy Renewal.
- (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/ece_e.html.
- (10) While 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/ece-framework_e.htm.
- (11) For more details, see the 2002 progress report of the National Child Benefit at: <http://www.nationalchildbenefit.ca/ncb/NCB-2003/4.html>.

- (12) 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.
- (13) *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, available at: <http://socialunion.gc.ca/e cd/2003/RH64-20-2003-AE.pdf>.
- (14) Christa Freiler, Laurel Rothman and Pedro Barata, *Pathways to Progress: Structural Solutions to Address Child Poverty*, Campaign 2000, May 2004.
- (15) Campaign 2000, *Some Steps Forward – Some Steps Backward: Public Policy and Funding: What’s Happened Since 2001?* consulted on-line at: <http://campaign2000.ca/ci/rep03/1.html> on 17 May 2004.