



Canada 2020 Analytical Commentary No. 6

Are we ready for universal childcare in Canada?

Recommendations for equality of
opportunity through childcare in Canada

Michelle Piano

January 2014

Analytical Commentary

Canada 2020 produces original research in a variety of formats. Our Analytical Commentary series presents unique insights into emerging trends and innovative solutions to big policy challenges. Papers are topical, accessible, and oriented towards drawing lessons for federal policy.

About Canada 2020

Canada 2020 is a leading, independent, progressive think-tank. Our objective is to inform and influence debate, to identify progressive policy solutions and to help redefine federal government for a modern Canada. We do this by convening leading authorities from Canada and abroad, generating original policy thinking, and prioritizing effective communication.

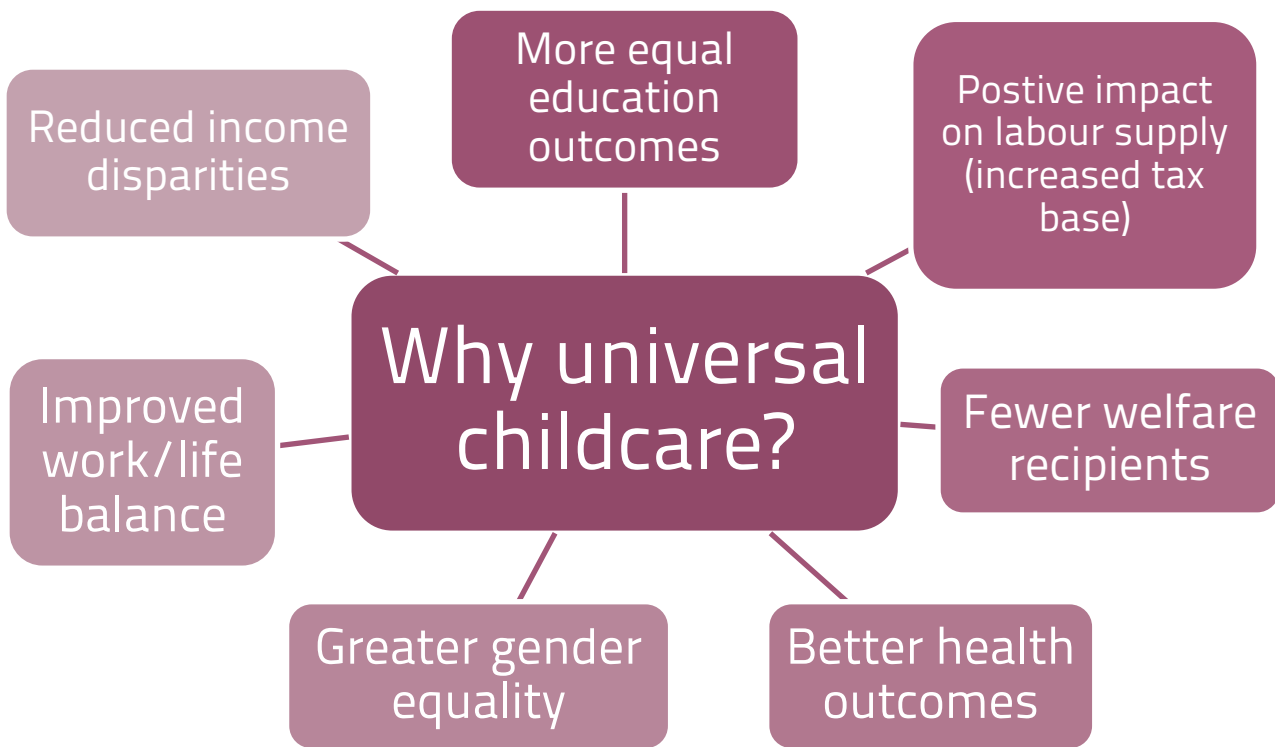
Our orientation is:

- progressive and non-partisan
- long-term, with an emphasis on key structural issues facing Canada
- collaborative and outward focused
- activist: we aim to influence the policy agenda.

Visit us online at www.canada2020.ca

About the Author

Michelle Piano holds an Honours Bachelor of Arts degree in Political Science from the University of Guelph and is currently completing her Master of Arts in Public & International Affairs at the University of Ottawa.



Introduction

Canada's days of topping the United Nations' Human Development Index (HDI) have come and gone. In 2012, Canada slipped four spots to thirteenth place on the inequality-adjusted HDI. According to the Gini coefficient¹, the world's standard measure of inequality, income inequality rose by 13.5 percent between 1981 and 2010, with taxes and transfers attenuating the total by 5.5 percent through redistribution.² For some, widening income gaps are merited as they reflect differences in talents and efforts. Yet, income inequality can also reflect unfair societies and threaten social cohesion. According to Dr. Miles Corak, professor of economics at the University of Ottawa, high levels of income inequality can be associated with less social mobility across generations, where labour market outcomes are closely tied to family background.³ In this sense, income inequality is concerning insofar as it undermines equality of opportunity, a value Canadians cherish. To equalize opportunities, Dr. Corak states that public policies "should focus on increasing upward mobility for those born to lower income families. To do this it needs to be 'progressive', in the sense of being of relatively more benefit to the relatively disadvantaged."⁴

Despite extensive research and recent media attention on the topic, Canadian policymakers have struggled to develop a cohesive approach to reducing income disparities. While some advocate for a more progressive tax system, or a broader income redistribution scheme, there are other, more concrete, non-tax-based policy solutions available that can enhance equality of opportunity in Canada. Indeed, a large body of research suggests that few policy approaches offer greater returns in this area than a high-quality, universal childcare system.

This paper explores the relationship between income inequality, equality of opportunity, and universal childcare. After providing a succinct overview of Canada's childcare system, the paper explores how universal childcare facilitates equality of opportunity, which helps alleviate income inequality. Next, the paper reviews universal childcare models in Quebec, Sweden, and Australia to extract lessons for Canada. Finally, the paper discusses what the Government of Canada should consider if it decides to pursue a universal childcare system, namely confronting the difficulties of

¹ The Gini coefficient measures income inequality by calculating the extent to which the of distribution income deviates from a perfectly equal distribution. A Gini coefficient of zero presents exact equality, while a coefficient of one represents total inequality.

² Dumulon-Lauzière, Claude. "Inequality as a driver: Links to health, productivity and the environment." Canada 2020. June 2013. Web. 11 December 2013.

³ Corak, Miles. "Public Policies for equality and social mobility in Canada." Canada 2020, February 2013. Web. 29 August 2013.

⁴ Corak, 2013.

navigating and reforming Canada's fragmented approach. Alongside explaining how universal childcare can equalize opportunities, this paper will demonstrate the necessity of strong federal leadership moving forward.

Canada's Current Childcare System

Formally speaking, education and childcare policy have primarily fallen under the responsibility of the provinces and territories. However, history indicates that the federal government has been highly involved in this policy area. The Government of Canada uses a variety of policy tools to influence the system, including income tax transfers, direct spending on specific initiatives that target specific populations, and other financial transfers to the provinces and territories. But without a coherent approach to childcare, Canadian families are forced to weave through a complex web of federal initiatives, including: the Child Care Expense Deduction; the National Child Benefit, which includes the Canada Child Tax Benefit (CCTB), the National Child Benefit Supplement (NCBS), and Child Disability Benefit (CDB); the Universal Child Care Benefit; and, the Child Tax Credit.⁵

Adding to the complexity is a variety of provincial and territorial approaches to childcare. In general, there is significant overlap in terms of goals and approaches, with most provinces and territories seeking to balance parental choice with affordable spaces and subsidies for low-income families. However, contrasts are often made between Alberta and Quebec as their systems highlight how different childcare systems can be in Canada. In Alberta, for instance, childcare is predominantly market-based with the province playing a minimal role. This includes the province loosening requirements for mandatory accreditation of childcare programs, and its removal of regulations that set the maximum number of children per childcare centre at 80.⁶ While seeking parental choice, the province has also opted to supplement the Government of Canada's Canada Child Tax Benefit (CCTB), simultaneously demonstrating a welfare approach to childcare.⁷

Quebec, on the other hand, displays a strong government presence in childcare services. In 1997, the Government of Quebec announced its new family policy, which has come the closest in Canada to ensuring universality by phasing in affordable childcare with a daily fee currently set at \$7. The

⁵ More detail on these initiatives can be found in Appendix 1.

⁶ McCain, Margaret Norrie, J. Fraser Mustard, and Kerry McCuiag. "Public Policy Shapes Early Childhood Programs." In *Early Years Study 3*. Toronto: Margaret & Wallace McCain Family Foundation, 2012.

⁷ Senate of Canada, Standing Committee on Social Affairs, Science and Technology. "Early Childhood Education and Care: Next Steps". The Honourable Art Eggleton, Chair, and the Honourable Wilbert Joseph Keon, Deputy Chair. Ottawa: Library of Parliament, April 2009. Web. 18 August 2013.

fee is paid by parents, regardless of their income, for full-time childcare up to a maximum of 10 hours per day. To fund the program, families can no longer claim childcare expense deductions, Quebec eliminated subsidies paid to parents for childcare fees, and all public funding is paid directly to regulated childcare providers.⁸ Quebec's 2010-2011 investments in childcare were \$2.1 billion, or \$10,000 per subsidized place, a significantly higher investment than the federal government makes despite its smaller budget.⁹ Since the introduction of the program there has been a higher demand for the low-fee spaces than the program is able to meet.¹⁰ Despite this obstacle, Quebec's childcare policies have received positive attention worldwide.¹¹

Altogether, Canada's childcare landscape is complex and difficult to navigate. Currently, the federal government displays an incoherent approach to childcare that is compounded by unique provincial and territorial approaches. Canadians have ultimately been left with different service levels and no national standards of quality. This approach has also left families with average annual childcare expenses up to \$10,000, and parental contributions ranging from 34 percent to 82 percent.¹² In comparison, Finnish families face a maximum contribution rate of 15 percent.¹³ While some support a user fee system, this argument is less robust when one considers that there is no rationale for public education starting at age six rather than earlier.¹⁴ While public expenditures for children aged 0-12 average \$386 per child and \$3,200 per childcare space, public expenditures are \$6,120 per child in kindergarten and almost \$15,000 per student at university; this disproportionate funding lacks a strong rationale.¹⁵

Canada's current childcare system has also garnered negative international attention. In 2006, an OECD report ranked Canada last among 14 countries regarding spending on early learning and childcare programs.¹⁶ The report described Canadian childcare services as a "patchwork of uneconomic, fragmented services, within which a small 'child care' sector is seen as a labour market

⁸ Liu, Deborah. "Publicly funded child care for increased female labour participation." Institute for Research on Public Policy (IRPP), August 2012. Web. 18 August 2013.

⁹ Fortin, Pierre, Luc Godbout, and Suzie St-Cerny. "Impact of Quebec's Universal Low-Fee Childcare Program on Female Labour Participation, Domestic Income, and Government Budgets." Working paper, May 2012. Web. 18 August 2013.

¹⁰ Alexander, Craig, and Dina Ignjatovic. "Early Childhood Education has Widespread and Long Lasting Benefits." TD Economics, 27 November 2012. Web. 18 August 2013.

¹¹ More detail on Quebec's approach to childcare is provided later in the paper.

¹² Organisation for Economic Cooperation and Development (OECD). "OECD Country Note: Early Childhood Education and Care Policy in Canada." 2004. Web. 29 August 2013.

¹³ OECD, 2004.

¹⁴ Alexander and Ignjatovic, 2012.

¹⁵ OECD, 2004.

¹⁶ Organisation for Economic Co-operation and Development (OECD). "Starting Strong II: Early Childhood Education and Care." 2006. Web. 18 August 2013.

support, often without a focused child development and education role.”¹⁷ In this sense, Canada’s childcare system is not only expensive for families; it is failing to serve its users—children. Less than 20 percent of children aged 0-6 years have a place with a regulated childcare provider, compared to leading European nations like Belgium (63 percent), Denmark (78 percent), France’s (69 percent), Portugal (40 percent), and the U.K. (60 percent).¹⁸ Even children that do have a place may not be receiving the quality of service they need to succeed.

Universal Childcare and Equality of Opportunity

With rising female labour market participation, more families rely on out-of-home childcare services. Unfortunately, Canada’s current childcare system exacerbates the problem of income inequality, especially for vulnerable populations. For instance, childcare costs impose unequal cost burdens on families, significantly affecting low-income families as high costs limit the ability of children from lower-income households to access high-quality forms of childcare.¹⁹ In this sense, the current system creates a division by quality of care.²⁰ Childcare expenses also contribute indirectly to inequality by decreasing maternal labour supply and earnings, particularly among lower-skilled workers for whom childcare expenses are particularly high.²¹

A high-quality, universal childcare system contributes to reduced income disparities by equalizing opportunities. One way it does this is by increasing female labour participation. According to a 2012 study, Quebec’s universal low-fee childcare program has contributed to 70,000 more females participating in the labour market, equivalent to a 3.8 percent labour supply increase.²² At the same time, the number of single-parent families on welfare declined from 99,000 to 45,000, the relative poverty rate of single-mother families dropped from 36 percent to 22 percent, mean real after-tax income increased up by 81 percent, and Quebec’s GDP increased by 1.7 percent (equivalent to roughly \$5 billion).²³ The study also stated that for every \$100 that the Government of Quebec spent on childcare, the Government of Quebec generated a \$104 return on investment, and the

¹⁷ Keon, Senator Wilbert Joseph. “Early childhood education and care: Canada’s challenges and next steps.” *Paediatr Child Health* 14.10 (December 2009): 660-661.

¹⁸ OECD, 2006.

¹⁹ Meyers, Marcia, Dan Rosenbaum, Christopher Ruhm, and Jane Waldfogel. “Inequality in Early Childhood Education and Care: What Do We Know?” Russell Sage Foundation, May 2003. Web. 18 August 2013.

²⁰ Meyers et. al., 2003.

²¹ Ibid.

²² Fortin et. al., 2012.

²³ Ibid.

Government of Canada received \$43.²⁴ That is to say, universal childcare systems can be a very sound investment.

Part of what makes a universal childcare system so successful at reducing income gaps is the disproportionate advantage it offers children from low-income families. According to Dr. Corak, inequality is often associated with social mobility issues, where one's family background offers a better explanation of future income than abilities or ambition.²⁵ In Canada, one-third of low-income children become low-income adults. Similarly, one third of high-income children become high-income adults.²⁶ One contributing factor is that high-income households typically spend more on their children's education. According to the U.S.-based Brookings Institution, high-income families have gone from spending slightly more than four times as much on their children's education to nearly seven times as much over the past four decades.²⁷ High-income households also invest more time on their children—approximately 4.5 hours more per week. This means that, by age three, children with mothers of higher education have vocabularies that are 50 percent larger than those of children from working-class families and 100 percent larger than those of children whose families receive welfare.²⁸ These differences have serious implications when children reach school age.

A universal childcare system alleviates these differences by helping to reduce the 'achievement gap' and improve attendance rates for disadvantaged children to post-secondary education. The achievement gap refers to the disparity between the performance of a group of students based on socio-economic status (SES), race/ethnicity, and/or gender. A child's early life experiences influence the development of cognitive capacities that impact their future educational achievement. Children from low-income families score lower than children from high-income families on various measures of school readiness, including: cognitive skills and knowledge, social skills, physical health and well-being, and approaches to learning.²⁹ This achievement gap widens over time, with

²⁴ Fortin et. al., 2012.

²⁵ Corak, Miles. "Do Poor Children Become Poor Adults? Lessons from a Cross Country Comparison of Generational Earnings Mobility" IZA Discussion Paper No. 1993, March 2006. Web. 29 August 2013.

²⁶ Corak, 2006.

²⁷ Greenstone Michael, Adam Looney, Jeremy Patashnik, and Muxin Yu. "Thirteen Economic Facts about Social Mobility and the Role of Education." Brookings. June 2013. Web. 11 December 2013.

²⁸ Greenstone et. al., 2013.

²⁹ Ramey, Craig T., and Sharon L. Ramey. "Early Learning and School Readiness: Can Early Intervention Make a Difference?" *Merrill-Palmer Quarterly* 50.4 (October 2004): 471-491. Print.

children from low-income families less likely to move onto post-secondary education and obtain gainful employment.³⁰

A number of studies have documented the lasting cognitive gains for children who experienced high-quality childcare. For example, an American study by Ramey and Ramey analyzed the effects of childcare participation when children from low-income families reached the age of 21. Results indicated that those who received out-of-home childcare performed better on reading and math assessments, and almost 70 percent of those who participated in early childhood programs were now engaged in skilled jobs or enrolled in higher education, in contrast to only 40 percent of those in the control group.³¹ Further, the study found that children enrolled in childcare were three times more likely to attend a four-year college than control-group children—36 percent versus 12 percent.³² Attending a post-secondary institution provides more opportunity and better outcomes for children. Positive results are also apparent in Quebec, where increased access to childcare has contributed to its students moving from below the national average on standardized test scores to above it.³³ Overall, a 2012 TD Financial report stated that the return-on-investment rate for children from low-income households receiving some form of childcare is in the double digits, higher than it is for children from high-income families.³⁴ By universalizing childcare, Canada would ensure that every family has an equal opportunity to receive its benefits.

Research also indicates that the returns on investments are higher in the early years than at any other point in the life cycle (Appendix 2).³⁵ This may be because learning or developmental needs can be identified and supported at an earlier stage, which prevents them from intensifying over time.³⁶ Overall, it has been estimated that every \$1 invested in early childhood is equivalent to \$3 spent on school-age children and \$8 spent on young adults.³⁷ This means that a universal childcare system is not only progressive (i.e. while beneficial for all children, children from low-income families benefit more), it also provides a better return than other available options.

³⁰ Ramey and Ramey, 2004.

³¹ Ibid.

³² Ibid.

³³ Alexander and Ignjatovic, 2012.

³⁴ Ibid.

³⁵ Corak, 2013.

³⁶ Alexander and Ignjatovic, 2012.

³⁷ Cunha, Flavio, James J. Heckman, Lance Lochner, and Dimitriy V. Masterov. "Interpreting the Evidence on Life Cycle Skill Formation. *Handbook on the Economics of Education*. Ed. Eric A. Hanushek and Finis Welch. Vol. 1. Philadelphia: Elsevier B.V., 2006. 697-812. Web.

Overall, Canada's universal education and healthcare systems have a long history of improving social mobility and reducing inequality; universal childcare would be an extension of these systems and a sound investment considering that dollars targeted to the earlier years, and to child from low-income families, have a greater impact.³⁸ While childcare is only one solution to a very complicated puzzle, it is an important and feasible piece. This realization has led many studies to pronounce its value. In the end, a universal childcare system is effective at addressing income inequality because it gets to the heart of the problem—unequal opportunities.

Lessons from Quebec and Abroad

By examining childcare approaches in Quebec and abroad, support for a high-quality, accessible, universal childcare system is further strengthened and lessons can be extracted from how other systems have been implemented.

Quebec has seen great results from its universal childcare system, including higher female labour participation rates and lower rates of welfare provision. However, Quebec's childcare system has also faced some challenges, including: capacity shortages with not enough spaces available to meet demand, a lack of flexibility of operating hours, and varying levels of quality services.³⁹ As a result, some studies have suggested that Quebec's universal childcare system has not enhanced school readiness or child early literacy skills, threatening its ability to create more equal opportunities.⁴⁰ Despite these challenges, Quebec's phased-in approach is still the most suitable option when universalizing childcare. Quebec initially targeted four year olds while simultaneously extending kindergarten to all five year olds. In 2000, the program was extended to all pre-school children (aged 0-4). With additional funding and federal support, Quebec's challenges can be overcome. It will be important to transition in a national universal childcare system at a pace that guarantees supply can meet demand without jeopardizing quality, something we will explore further in the recommendations section.

Scandinavian countries are often earmarked as having strong welfare systems. Sweden has a long and rich history of universal childcare services, which was solidified within a national framework in the 1970s. At the core of its system are six goals:

³⁸ Corak, February 2013.

³⁹ OECD, 2006.

⁴⁰ Haeck, Catherine, Pierre Lefebvre, and Philip Merriga. "Quebec's universal childcare: the long term impacts on parental labour supply and child development." Université du Québec à Montréal, September 2012. Web. 29 August 2013.

1. Provide stimulating and developmental activities that combine education and care;
2. Ensure cooperation between parents and service providers;
3. Provide services for all children, with an added focus on children in need of increased support;
4. Create a system that promotes both parenthood and employment;
5. Provide adequate public funding alongside reasonable parental fees,
6. Delegate responsibility for the delivery of services to the municipalities.⁴¹

There is strong evidence stating that Sweden’s national framework for universal childcare has been a success. Between 1970 and 1998, the number of Swedish children in full-time childcare increased more than 10-fold, from 71,000 to 720,000. Today, Sweden boasts an impressive 68 percent enrollment rate, with parental fees capped at 13 percent.⁴² Guaranteed childcare spots and capped parental fees have contributed to almost equal female to male employment rates, with female employment rates trailing by just three percentage points.⁴³ And with high maternal work rates, child poverty has been kept at an impressive four percent.⁴⁴ In Canada, child poverty rests at a disappointing 15.1 percent, four percentage points above the OECD average.⁴⁵ Perhaps unsurprising, Sweden also boasts the lowest income inequality rate in the world as measured by the Gini coefficient.⁴⁶ While income inequality has increased in recent years, it has increased at a more manageable pace than other countries experienced, partially due to offsetting affects of their universal childcare system.⁴⁷

The development of Sweden’s childcare system is also relevant. Until the 1980s, the Swedish government maintained considerable control over childcare. Today, however, a new ethos prevails where municipalities are granted considerable autonomy over the provision of childcare. What makes this approach work is that the state was present to create an innovative, comprehensive national framework before decentralizing responsibility. Today, the state still establishes goals, guidelines, and the financial framework, while municipalities tailor specific programs to meet local

⁴¹ Organisation for Economic Cooperation and Development (OECD). “OECD Country Note: Early Childhood Education and Care Policy in Sweden.” December 1999. Web. 29 August 2013.

⁴² Senate of Canada, 2009.

⁴³ Rauch, 2007.

⁴⁴ Senate of Canada, 2009.

⁴⁵ Organisation for Economic Cooperation and Development (OECD). “Doing Better for Children.” September 2009. Web. 29 August 2013.

⁴⁶ Moran, Michael. “Sweden’s lessons on inequality” *Global Post*, 13 April 2013. Web. 29 August 2013.

⁴⁷ Ibid.

needs and priorities.⁴⁸ While the municipalities are responsible for monitoring their programs for quality, the state does follow-ups, evaluations, data collection, development, and supervision.⁴⁹ This model exemplifies ownership at all levels of government that is complimented by cooperation, inclusiveness, respect, and trust.

In addition to Quebec and Sweden, Australia is of interest to Canada as it is a federal state, facing the same jurisdictional challenges as Canada. It also has significant rural, Aboriginal, and remote communities that need increased support. Despite these challenges, the OECD boasts Australia's childcare policies as both innovative and effective.⁵⁰

To tackle issues of geography, Australia's Department of Family and Community Services has partnered with state, territory, and local governments to encourage the provision of childcare services in rural and remote areas. Flexibility has been encouraged by developing a variety of models, including: single sites, mobile multipurpose childcare services covering a number of communities, 'on farm' childcare services for isolated families, and multi-site childcare services with a mobile support unit.⁵¹ Australia's 'School of the Air' is one of its most innovative initiatives, where on-air two-way communication lessons, correspondence lessons, home visits, and town visits are offered to children. The initiative also aims at making the program transitional for children about to enter schools.⁵²

Australia has also been proactive with its initiatives for Aboriginal children. According to the OECD, critical success factors for serving Aboriginal communities are: elements of self-determination, cultural ownership, respect, and occasionally, language.⁵³ Darlington Public School⁵⁴, located in Sydney, is designated a priority Aboriginal school as one-third of the students are of Aboriginal descent.⁵⁵ In order to assist Aboriginal children, Aboriginal staff members (not necessarily teachers) are present. There is also a special role for Indigenous art and culture throughout the school that ensures these children and their culture are valued and respected.⁵⁶

⁴⁸ OECD, 1999.

⁴⁹ Ibid.

⁵⁰ OECD, 2006.

⁵¹ Organisation for Economic Cooperation and Development (OECD). "OECD Country Note: Early Childhood Education and Care Policy in Australia." November 2001. Web. 29 August 2013.

⁵² OECD, 2001.

⁵³ Ibid.

⁵⁴ Darlington Public School includes a preschool for children four years of age.

⁵⁵ OECD, 2001.

⁵⁶ Ibid.

But it is not just urban institutions that are meeting the needs of Aboriginal children. Yipirinya School, located in the Northern Territory, was established alongside members of the Aboriginal community. Serving only Aboriginal children, this school includes a preschool and childcare centre, and focuses on reinforcing Aboriginal identity, cultural knowledge, values, and spirituality.⁵⁷ Although the principal and some teachers are not necessarily Aboriginal peoples, the cultural principal—a parallel position—is an Aboriginal position.⁵⁸ Overall, Australia’s childcare approach demonstrates both autonomy and partnership, and in this sense has offered a nurturing and enriching environment for Aboriginal children.

Altogether, the experiences of Quebec, Sweden, and Australia suggest that a high-quality, universal childcare system is well within reach. Sweden and Australia demonstrate the need for a strong state presence in order to create a comprehensive national framework that guarantees adequate public funding. While decentralizing service delivery maximizes flexibility to meet local needs, state presence should be maintained to assist with evaluation, analyzing, and coordinating necessary improvements. Quebec’s experiences offer a lesson in implementation, demonstrating that it is best to transition in a universal childcare system to ensure that supply can meet demand and quality standards are not threatened.

Moving Forward

Now that the ability of universal childcare to equalize opportunities has been explained, and examples of other countries’ systems have been explored, it is the appropriate time to discuss how Canada could move forward. The linchpin for a high-quality, universal childcare system is the presence of a strong national public policy framework—one currently lacking in Canada. This presents an opportunity for the federal government to assume a leadership role. Keeping this in mind, the federal government should make the following considerations.

The need for comprehensive legislation and supporting agreements

Canada’s current childcare system is composed of an incoherent approach by the federal government and a variety of unique provincial and territorial systems. To counter this, Canada needs to rethink the piecemeal legislation that currently exists in this domain and develop and

⁵⁷ OECD, 2001.

⁵⁸ Ibid.

enact legislation and supporting agreements in partnership with pertinent stakeholders, including all levels of government, parents, and childcare and early learning experts.⁵⁹ When developing legislation, governments should utilize the OECD’s eight essential elements of successful childcare policy:

1. A systemic and integrated approach to policy development;
2. Strong and equal partnership with the education system;
3. A universal approach to access, with particular attention to children in need of special support;
4. Substantial public investment in services and infrastructure;
5. A participatory approach to quality improvement and assurance;
6. Appropriate training and working conditions for all staff;
7. Systematic attention to monitoring and data collection;
8. A stable framework and long term agenda for research and evaluation.⁶⁰

Despite the provinces and territories having primary jurisdictional control over education and childcare, a universal childcare system led by the federal government is permitted by the Social Union Framework Agreement (SUFA), which allows the federal government to establish new federal programs in areas of provincial and territorial jurisdiction provided it has majority support.⁶¹ The provinces and territories confirmed their support of national standards by signing onto the National Children’s Agenda (apart from Quebec) and agreeing to the objectives and principles contained in the Early Childhood Development and Multilateral Framework Agreements.⁶² National standards for childcare are also permitted under SUFA’s assurances that Canadians have access to comparable services regardless of geographic location.⁶³ Although Quebec is not a formal signatory of SUFA, an informal understanding exists that Quebec would receive its share of federal funding should a national program be developed under the auspices of SUFA.

To be clear, developing a high-quality, universal childcare system is easier said than done. The reality is that the success of Quebec’s program stands—rather ironically—in the way of a *true*

⁵⁹ Child Care Advocacy Association of Canada (CCAAC). “From Patchwork to Framework: A Strategy for Canada.” September 2004. Web. 29 August 2013.

⁶⁰ OECD, 2006.

⁶¹ CCAAC, 2004.

⁶² Ibid.

⁶³ Ibid.

universal childcare system. Although Quebec can be been reluctant to sign national agreements, and may not be willing to dissolve its current universal childcare system, there is still opportunity to move forward.

The federal government will need to work with stakeholders to determine how 'universal' will be understood in Canada. One possible course of action is a retreat back to former Prime Minister Paul Martin's 'QUAD' principles (quality, universality, accessibility, and developmental) that his government tried to incorporate into a national agreement. Instead of universal meaning the same program coast-to-coast, universality was a system inclusive of children of diverse needs, including Aboriginal children, children with disabilities, and children of different cultural and linguistic origins.⁶⁴ Although a multilateral agreement was not reached, then social development minister, Ken Dryden, was successful in establishing bilateral agreements, arguing that the 'QUAD' approach was less 'one-size-fits-all' than 'every-province-choose-its-size'.⁶⁵ Although the 'QUAD' approach did not come to fruition due to the dissolution of parliament in December 2005, this approach would have instilled national standards of quality and ease of navigability while also permitting the flexibility that provinces and territories require to ensure local needs are met.

In order to avoid service gaps and duplications, governments will need to develop goals and timelines for quality enhancements.⁶⁶ The optimal way to ensure this is to reform and expand the current childcare system. According to Dr. Michael Krashinsky, economist professor at the University of Toronto, Canada should focus on two to five year olds, and work from the top-down.⁶⁷ Krashinsky also notes it would be reasonable to fund core full-day school hour services, and then offer an affordable fee to parents for additional hours of childcare services.⁶⁸ This would help provide flexibility to families and service providers, an important component of a successful system.⁶⁹ As provinces and territories all have different childcare systems, the federal government will also need to understand that some will require more support than others.

A national framework should also include adequate accountability measures to ensure the standards of the system are upheld and all governments are accountable for the money they spend.

⁶⁴ Cheryl N. Collier, "Is Canada Ready for a New Universal Social Program? Comparing the Cases of Universal Medicare in the 1960s and 'Universal' Child Care in the New Millennium," paper presented at the annual meeting of the Canadian Political Science Association. 30 May – June 1, 2007. Web. 25 January 2014.

⁶⁵ Charlie Gillis. "The daycare debate." *Macleans*. 19 July 2013. Web. 25 January 2014.

⁶⁶ CCAAC, 2004.

⁶⁷ Hsieh, Esther. "What universal child care does for Norway." *The Globe and Mail*, 16 May 2013. Web. 18 August 2013.

⁶⁸ Hsieh, 2013.

⁶⁹ Corak, 2013.

For this, ownership will be required from all levels of government. To maintain accountability, a report by the Senate of Canada recommends that the Government of Canada appoint a Minister of State for Children & Youth and National Advisory Council on Children to advise the Minister.⁷⁰ According to the CCAAC, the role for this group would be to:

support the work of the federal government on childcare; develop pan-Canadian childcare policy; promote the development of resources to support quality in childcare settings; develop and maintain common data collection systems; promote the development of childcare research and its dissemination; support and enhance knowledge of childcare through sector and public education; develop and implement mechanisms to receive input from the childcare sector and stakeholders; receive and review annual provincial/territorial reports; and develop pan-Canadian annual reports for Parliament.⁷¹

This would help consolidate and coordinate the actions of multiple actors across various departments and levels of government.

The need to establish a schedule for guaranteed, long-term funding

In order for a universal childcare system to reach its full potential, the national framework for a universal childcare system will need to include a guarantee of substantially increased, long-term federal funding that provides a stable and primary source of operating funds for provinces and territories to improve and expand childcare services. The OECD suggests a minimum investment of one percent of GDP—approximately \$18.21 billion for Canada.⁷² When Dr. Cleveland and Dr. Krashinsky of the University of Toronto conducted a cost-benefit analysis of a universal childcare system they discovered that such a system would cost \$7.9 billion. However, with parental contributions at 20% (scaled to income), overall Canada would receive a net benefit of \$5.2 billion as a result of the individual and societal returns on the investment: reduced income disparities, money saved in the future by lower healthcare costs, less welfare recipients, and improved educational outcomes.⁷³ To put the amount required in perspective, the federal government currently transfers approximately \$30.3 billion to the provinces through the Canada Health

⁷⁰ Senate of Canada, 2009.

⁷¹ CCAAC, 2004.

⁷² Alexander and Ignjatovic, 2012.

⁷³ Cleveland, Gordan, and Michael Krashinsky. "The Benefits and Costs of Good Child Care." University of Toronto. March 1998. Web. 22 January 2014.

Transfer (CHT); \$18.21 billion would only represent one-sixth of the investment in public education.⁷⁴

The challenge, however, is not simply increasing funds, but using funds in an efficient and effective way. The current system subsidizes childcare for low-income families while also providing some cash transfers and tax exemptions to other families. This targeted approach disproportionately benefits the wealthiest families who can easily afford childcare costs, and children from very low-income families. As such, it does not offer much support to middle-class families. According to a 2009 report by the Senate of Canada, although the lowest socio-economic (SES) group has the greatest percentage of vulnerable children, there are significantly less children in this group than children from middle SES groups.⁷⁵ Hence, while children in the middle SES groups are less likely to be vulnerable, because of the size of the group they end up being the most vulnerable children because support systems miss them.⁷⁶ This suggests that childcare programs should not be targeted based on socioeconomic status, instead they should focus on the supply of childcare and on ensuring every child has equal access to high-quality services.

The Senate of Canada's report also takes issue with the approach of providing financial assistance to families, rather than subsidizing childcare services, in the pursuit of increasing choice to families. The report states that this approach is not convincing when it ends up promoting the cheapest form of childcare, rather than a high-quality, universal childcare system that has the potential to equalize opportunities.⁷⁷ Indeed, offering choice is only good if all families have choice among high-quality alternatives, which is not the case in most of Canada.

In summation, the federal government's leadership on this issue would help to: (1) develop a national framework for universal childcare alongside stakeholders, and (2) ensure that the provinces and territories have adequate funds to facilitate this universal childcare system. If these actions are taken, Canada has the opportunity to gain from the benefits of a universal childcare system.

⁷⁴ CCAAC, 2004.

⁷⁵ Senate of Canada, 2009.

⁷⁶ Ibid.

⁷⁷ Ibid.

Conclusions

Despite extensive research confirming the benefits of a universal childcare program, including its ability to create more equal opportunities and reduce the income gap, universal childcare remains a pipedream in most of Canada. Today, Canada's childcare system is characterized by an incoherent approach by the federal government compounded by a variety of provincial and territorial models. Canadians have been left with different service levels, no national standards of quality, and a system that does not serve children, families, or society, well. A universal childcare system is effective at equalizing opportunities for two reasons. First, investments offer a bigger return when they target early childhood. Second, the benefits from a universal childcare system are progressive in that they benefit children from lower-income households more than those from high-income households.

Moving forward, there is an opportunity for federal government leadership in spearheading the development of a national framework alongside relevant stakeholders. When doing so, the federal government will need to set realistic timelines, incorporate accountability measures, and ensure long-term, adequate funding to program providers. Most importantly, the federal government will need to recognize possible reluctance by the provinces and territories over creating a national framework. This can be overcome changing the definition of universality from meaning the same system coast-to-coast to one that means universal-type goals. Overall, while universal childcare systems have many benefits, developing one may help Canada achieve another dream, topping the United Nation's Human Development Index once again.

Bibliography

Alexander, Craig, and Dina Ignjatovic. "Early Childhood Education has Widespread and Long Lasting Benefits." TD Economics, 27 November 2012. Web. 18 August 2013.

Canada Revenue Agency. "CCTB: calculation and payment information." July 2013. Web. 29 August 2013.

Child Care Advocacy Association of Canada (CCAAC). "From Patchwork to Framework: A Strategy for Canada." September 2004. Web. 29 August 2013.

Cleveland, Gordan, and Michael Krashinsky. "The Benefits and Costs of Good Child Care." University of Toronto. March 1998. Web. 22 January 2014.

Collier, Cheryl N. "Is Canada Ready for a New Universal Social Program? Comparing the Cases of Universal Medicare in the 1960s and 'Universal' Child Care in the New Millennium." Paper presented at the annual meeting of the Canadian Political Science Association. 30 May – June 1, 2007. Web. 25 January 2014.

Cool, Julie. "Child Care in Canada: The Federal Role." Library of Parliament. April 2007. Web. 10 December 2013.

Corak, Miles. "Do Poor Children Become Poor Adults? Lessons from a Cross Country Comparison of Generational Earnings Mobility." IZA Discussion Paper No. 1993, March 2006. Web. 29 August 2013.

Corak, Miles. "Public Policies for equality and social mobility in Canada." Canada 2020, February 2013. Web. 29 August 2013.

Cunha, Flavio, James J. Heckman, Lance Lochner, and Dimitriy V. Masterov. "Interpreting the Evidence on Life Cycle Skill Formation. *Handbook on the Economics of Education*. Ed. Eric A. Hanushek and Finis Welch. Vol. 1. Philadelphia: Elsevier B.V., 2006. 697-812. Web.

Dumulon-Lauzière, Claude. "Inequality as a driver: Links to health, productivity and the environment." Canada 2020. June 2013. Web. 11 December 2013.

Fortin, Pierre, Luc Godbout, and Suzie St-Cerny. "Impact of Quebec's Universal Low-Fee Childcare Program on Female Labour Participation, Domestic Income, and Government Budgets." Working paper, May 2012. Web. 18 August 2013.

Garcia, Miguel Roberto Sanchez. "Targeting child poverty in Canada." Diss. Wilfred Laurier University, 2002. *Theses and Dissertations (Comprehensive)*. Web. 29 August 2013.

Charlie Gillis. "The daycare debate." *Macleans*. 19 July 2013. Web. 25 January 2014.

Greenstone Michael, Adam Looney, Jeremy Patashnik, and Muxin Yu. "Thirteen Economic Facts about Social Mobility and the Role of Education." Brookings. June 2013. Web. 11 December 2013.

Haeck, Catherine, Pierre Lefebvre, and Philip Merriga, "Quebec's universal childcare: the long term impacts on parental labour supply and child development," Université du Québec à Montréal, September 2012. Web. 29 August 2013.

Heckman, James J. "Schools, Skills, and Synapses." *Economic Inquiry* 46.3 (July 2008): 289-324. Web.

Hsieh, Esther. "What universal child care does for Norway." *The Globe and Mail*, 16 May 2013. Web. 18 August 2013.

Human Resources and Skills Development Canada (HRSDC). "About the Multilateral Framework on Early Learning and Child Care." *Early Learning and Child Care*. Government of Canada, August 2011. Web. 29 August 2013.

Keon, Senator Wilbert Joseph. "Early childhood education and care: Canada's challenges and next steps." *Paediatr Child Health* 14.10 (December 2009): 660-661.

Liu, Deborah. "Publicly funded child care for increased female labour participation." Institute for Research on Public Policy (IRPP), August 2012. Web. 18 August 2013.

Mahon, Rianne. "Canada's Early Childhood Education and Care Policy: Still a Laggard?" *International Journal of Child Care and Education Policy* 3.1 (2009): 27-42. Print.

McCain, Margaret Norrie, J. Fraser Mustard, and Kerry McCuiag. "Public Policy Shapes Early Childhood Programs." In *Early Years Study 3*. Toronto: Margaret & Wallace McCain Family Foundation, 2012.

Meyers, Marcia, Dan Rosenbaum, Christopher Ruhm, and Jane Waldfogel. "Inequality in Early Childhood Education and Care: What Do We Know?" Russell Sage Foundation, May 2003. Web. 18 August 2013.

Moran, Michael. "Sweden's lessons on inequality" *Global Post*, 13 April 2013. Web. 29 August 2013.

Organisation for Economic Cooperation and Development (OECD). "Doing Better for Children." September 2009. Web. 29 August 2013.

Organisation for Economic Cooperation and Development (OECD). "OECD Country Note: Early Childhood Education and Care Policy in Australia." November 2001. Web. 29 August 2013.

Organisation for Economic Cooperation and Development (OECD). "OECD Country Note: Early Childhood Education and Care Policy in Canada." 2004. Web. 29 August 2013.

Organisation for Economic Cooperation and Development (OECD). "OECD Country Note: Early Childhood Education and Care Policy in Sweden." December 1999. Web. 29 August 2013.

Organisation for Economic Co-operation and Development (OECD). "Starting Strong II: Early Childhood Education and Care." 2006. Web. 18 August 2013.

Ramey, Craig T., and Sharon L. Ramey. "Early Learning and School Readiness: Can Early Intervention Make a Difference?" *Merrill-Palmer Quarterly* 50.4 (October 2004): 471-491. Print.

Rauch, Dietmar. "Is There Really a Scandinavian Social Services Model?" *Acta Sociologica* 50.3 (September 2007): 249-269. Print.

Senate of Canada, Standing Committee on Social Affairs, Science and Technology. "Early Childhood Education and Care: Next Steps". The Honourable Art Eggleton, Chair, and The Honourable Wilbert Joseph Keon, Deputy Chair. Ottawa: Library of Parliament, April 2009. Web. 18 August 2013.

Appendix 1

Overview of Federal Government Childcare Policies

Date	Initiative	Overview
1966 <i>(cancelled)</i>	Canada Assistance Plan (CAP) Effective 1995, rolled into the Canada Health and Social Transfer (CHST).	Federal funds were made available to single-headed female households on a 50-50 basis with the provinces. However, provinces had no obligation to develop childcare support programs; some broad regulations were enacted should a province decide to participate, but it largely left it to provinces to determine the number of childcare spaces to subsidise, eligibility rules, and levels of subsidy. Despite having flexibility over where the money was spent, provinces were required to submit detailed accounts to the federal government outlining how they spent the money. ⁷⁸ Amended after the Royal Commission on the Status of Women (1967-1970) called for a national daycare act. Provinces were given a new, less intrusive, option (an income test) for determining need and those choosing the new option could also cost-share operating costs—but only for non-profit providers. The range of potential eligibility was also widened to families earning less than the provincial average. ⁷⁹
1972	Child Care Expense Deduction	Allows families to deduct childcare expenses from their taxable income before income tax rates are applied. The maximum claimable benefit is \$7,000 for a child under the age of six, \$4,000 for a child between ages seven and 16 without a disability and \$10,000 for a child under the age of 17 with a disability. ⁸⁰
1995	Canadian Health and Social Transfer (CHST) Effective 1 April 2004, split into Canada Health Transfer (CHT) and Canada Social Transfer (CST).	Federal funds distributed to provinces without conditions. Split into CHT and CST to provide greater accountability and transparency regarding how provinces use funds.
1998	National Child Care Benefit	Introduced in collaboration with the provinces and territories. It uses a combination of income tax

⁷⁸ Mahon, Rianne. “Canada’s Early Childhood Education and Care Policy: Still a Laggard?” *International Journal of Child Care and Education Policy* 3.1 (2009): 27-42. Print.

⁷⁹ Mahon, 2009.

⁸⁰ Senate of Canada, 2009.

		<p>transfers and program spending to target child poverty.</p> <p><i>Canada Child Tax Benefit (CCTB)</i> is a regressive cash payment, with a basic amount of \$119.41 per month for each child under 18 years of age,⁸¹ with an additional \$8.33 per month provided for the third and each additional child (2013/2014 values). Families with a net income of over \$43,561 have a benefit reduction. For families with one child, the reduction is two percent of the amount their income is over the base amount of \$43,561; for families with two or more children, the reduction is four percent.⁸² Despite its intended goal, the results of the CCTB benefit on child poverty have been negligible.⁸³</p> <p><i>National Child Benefit Supplement (NCBS)</i>. Families with a low income have their CCTB bolstered by the NCBS. The NCBS amounts are \$185.08 per month for the first child, \$163.66 per month for the second child, and \$155.75 per month for each additional child (2013/2014 values). Similar to the CCTB, this benefit is regressive; families with a net income of over \$25,356 have a benefit reduction. For families with one child, the reduction is 12.2 percent for the portion of their income that is over the base amount of \$25,356; for families with two children the reduction is 23 percent; for families with three or more children the reduction is 33.3 percent.⁸⁴ Overall, families with an income between \$23,356 and \$43,561 will receive a partial NCBS; families with four or more children will receive a partial payment up to \$49,000. The Canadian Revenue Agency states that individuals on social assistance will see a reduction in the amount of their other payments while receiving the NCBS.⁸⁵</p> <p>Altogether, the federal government spends over \$6.9 billion on the CCTB and the NCBS.⁸⁶</p> <p><i>Child Disability Benefit (CDB)</i>: paid to qualifying</p>
--	--	---

⁸¹ Except in Alberta where the provincial government supplements the transfer amount. For more information, please visit: http://www.cra-arc.gc.ca/bnfts/cctb/fq_pymnts-eng.html.

⁸² Canada Revenue Agency. "CCTB: calculation and payment information." July 2013. Web. 29 August 2013.

⁸³ Garcia, Miguel Roberto Sanchez. "Targeting child poverty in Canada." Diss. Wilfred Laurier University, 2002. *Theses and Dissertations (Comprehensive)*. Web. 29 August 2013.

⁸⁴ Canada Revenue Agency, 2013.

⁸⁵ Senate of Canada, 2009.

⁸⁶ Senate of Canada, 2009.

		families with children under 18 who have severe and prolonged mental or physical impairments. Eligibility is based on the family being approved for a disability tax credit.
2002	Early Childhood Development Initiative (ECDI)	Funds transferred through the Canada Social Transfer to the provinces/territories so they can choose to invest the money toward a range of childcare-related areas, including: health pregnancy, birth, and infancy; parenting and family supports; early childhood development, learning, and care; community supports. ⁸⁷ Valued at \$2.2 billion over five years commencing in 2001/2002. In 2002, the Government announced it would continue funding the initiative after 2005-2006 at \$500 million per year. ⁸⁸
2003 <i>(cancelled)</i>	Multilateral Framework on Early Learning and Child Care	Transfers money to the provinces and territories, allowing them to use the funds for: information provision, fee subsidies, quality assurance systems, capital and operating grants, training and professional development, and wage enhancements. ⁸⁹ This program is valued at \$1.05 billion over the five years since its ratification. ⁹⁰
2005 <i>(cancelled)</i>	Agreements-in-Principle on Early Learning and Child Care, and Canada-Quebec Agreement on Early Learning and Care	In 2005, the Government of Canada negotiated agreement with all the provinces, which dedicated \$5 billion over five years and outlined the principles upon which a childcare system would be founded: quality, universally inclusive, accessible, and developmental — “QUAD”. However, only three agreements (Ontario, Quebec, and Manitoba) were finalized before the 2006 election was called. ⁹¹ The new Conservative government gave one year’s notice before cancelling the agreements. ⁹²
2007	Universal Child Care Plan	<i>Universal Childcare Benefit</i> : Provides families with \$100 per month for each child under the age of six; this is considered taxable income for the lower-earning spouse. ⁹³

⁸⁷ Cool, Julie. “Child Care in Canada: The Federal Role.” Library of Parliament. April 2007. Web. 10 December 2013.

⁸⁸ Cool, 2007.

⁸⁹ Senate of Canada, 2009.

⁹⁰ Human Resources and Skills Development Canada (HRSDC). “About the Multilateral Framework on Early Learning and Child Care.” *Early Learning and Child Care*. Government of Canada, August 2011. Web. 29 August 2013.

⁹¹ Senate of Canada, 2009.

⁹² Senate of Canada, 2009.

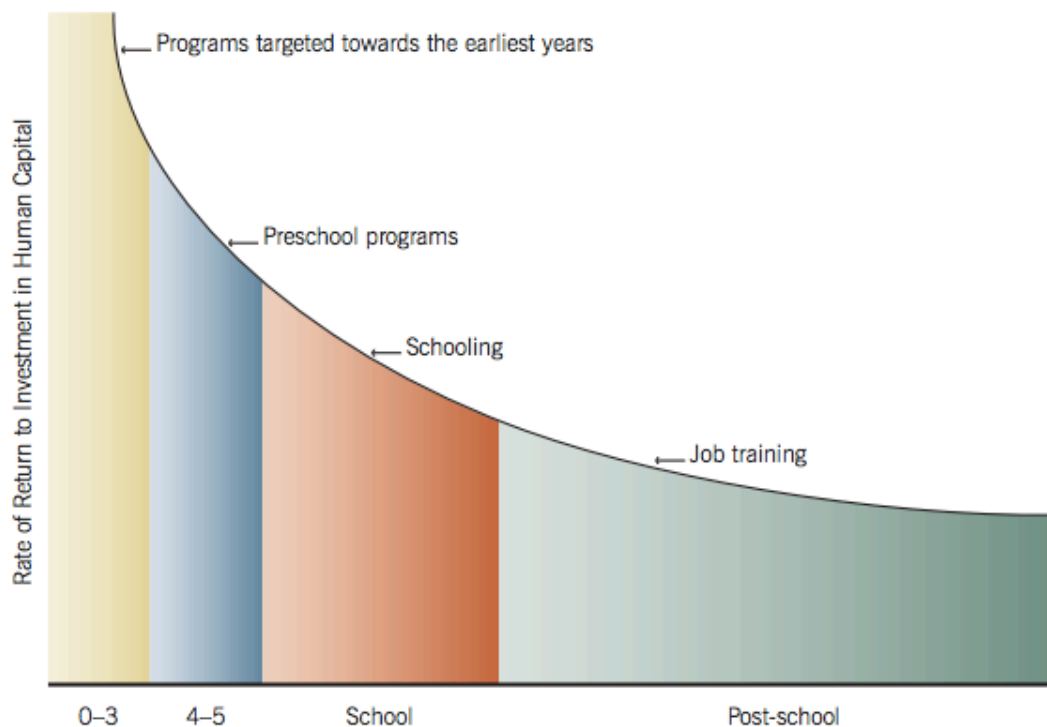
⁹³ Liu, 2012.

		<i>Childcare Spaces Initiative</i> : supports creating 25,000 new childcare spaces each year by offering businesses and organizations financial incentives. ⁹⁴
2007	Child Tax Credit	Provides families with a \$2,000 tax credit per child, resulting in a maximum deduction of \$306 (2007) per child. As it is a non-refundable tax credit, it does not benefit low-income that do not owe income taxes. ⁹⁵
Excluded from list: direct funding of programs for First Nations communities, military families, incarcerated individuals, immigrants and/or refugees.		

Appendix 2

Returns to a Unit Dollar Invested

Returns to a Unit Dollar Invested



Source: Heckman, James J. "Schools, Skills, and Synapses." *Economic Inquiry* 46.3 (July 2008): 289-324. Web.

⁹⁴ Liu, 2012.

⁹⁵ Senate of Canada, 2009.