

Submission to Department of Finance Canada
Federal Budget 2022

Child Care Now, Canada's Child Care Advocacy Association, congratulates the Government of Canada for leading the construction of a Canada-wide early learning and child care system, which is central to advancing an equitable and sustainable pandemic recovery across the country.

The spending and policy commitments in the 2021 federal budget set the stage for significant changes in how the supply and price of licensed child care is managed and funded. We agree with the Government of Canada's decision to enter into funding agreements with each provincial and territorial government to (a) make licensed early learning and child care affordable, (b) increase the availability of not-for-profit and public licensed child care, and encourage the growth of a comprehensive range of services, and (c) ensure that licensed programs are inclusive and high quality by allocating public funding for workforce measures, including higher compensation and other measures to make possible the recruitment and retention of qualified early childhood educators.

As of today, the Government of Canada has successfully negotiated Canada-Wide Early Learning and Child Care funding agreements with twelve provincial/territorial governments. Each agreement sets out targets with respect to affordability and expansion of licensed child care as well as other elements of system-building. The agreements bind the provinces/territories to use the federal funding approved by the Parliament of Canada to meet these targets.

In our expert opinion, the allocated federal funds for the next five years are sufficient to bring down parent fees significantly, and to finance important improvements with respect to the quality of services, provided the funds are spent by provinces/territories to support evidence-based transformative change in child care.

However, the federal allocations are insufficient to cover the capital cost of construction, or property/land acquisition, that will be required to achieve the promised number of new not-for-profit and public licensed child care spaces.

We have reviewed the seven publicly available Canada-Wide Early Learning and Child Care agreements (posted on the federal government's web site) as well as the various provincial/territorial/federal government media announcements. We conclude that the federal government expects at least 200,000 new not-for-profit and public ELCC spaces to be created

over the next five years. From past experience in Canada, and from the experience of robust child care development programs elsewhere, we know that the absence of capital funding will be a barrier to reaching that number or any significant expansion.

The capital costs associated with constructing child care centre spaces of course varies by age group and location. Drawing on cost estimates for construction alone (that is, not considering the purchase of land/property), we calculate the average cost of constructing one space to be at least \$50,000 per space, or \$10 billion for 200,000 spaces. Again, the Government of Canada will not be able to meet its expansion commitments unless a federal capital expansion program is developed, and without an appropriate financial allocation in the 2022 federal budget.

Such a federal capital funding program should be used to support only the expansion of not-for-profit or public delivery of programs in public, community-owned or non-profit facilities. This is in keeping with the federal government's Budget 2021 commitment to build a primarily not-for-profit and public Canada-wide system of early learning and child care, and consistent with best practices in child care system-building.

The capital funding program must be designed to support the cost of planned expansion in high-quality facilities. While these costs will vary by project, they may include: the purchase and development of land; design and construction of new facilities; purchase of existing facilities; costs associated with renovating or rehabilitating existing facilities.

Capital funding should not be distributed through application-based and/or competitive processes because they cannot guarantee that expansion will occur where it is needed most: a public/community planning process is essential to guarantee that federal funds are used most effectively to fulfill the government's commitments. The program must also be designed, and criteria and regulations established, to ensure that the federal capital expansion program does not fund or support the acquisition of facilities or other real estate holdings by for-profit corporations or other entities.

We urge that funding for capital expansion of not-for-profit and public child care be included in the 2022 federal budget, and that the terms of a federal capital expansion program be developed by the Department of Finance Canada and the Federal Secretariate on Early Learning and Child Care in partnership with the provinces and territories, with input of early learning and child care advocates and stakeholders.

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