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THE EXPLAINER:

Budget 2021 – Early Learning and Child Care

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[Budget 2021](#) features the Federal government’s plan for the development of a Canada-wide early learning and child care program featuring the principles of equitable access, quality and affordability. It is not a policy document – that will come later. Specific details in the Budget, along with post-budget statements from Employment and Social Development Minister Ahmed Hussen and Finance Minister Chrystia Freeland, point to a transformation of existing services to a system similar to public education or health care.

Financial Commitment

The federal government is using its spending powers to incent provinces and territories to participate. Budget 2021 commits to new investments totaling \$30 billion over the next five years, including \$1.4 billion for Indigenous families. After that an annual commitment to \$9.2 billion, with \$385 million ongoing for Indigenous programs, raises the federal contribution to early learning and child care to the equivalent of what provinces and territories now spend.

Budget 2021 signals a bias for non-profit/public delivery and clearly directs funding to program operations to support quality and access and to reduce fees, rather than payments to parents. It moves away from the current market approach to a view of early learning and child care as a public good.

The Budget specifically addresses three areas:

Affordability

Parents have been told to expect a 50 percent reduction in their child care costs by 2022. By the end of five years in 2025-2026, fees will average \$10 a day for a regulated child care space outside of Quebec, which already has an established low fee structure.

Availability

While it does not provide specific targets, Budget 2021 calls for ongoing annual growth in the numbers of children who can access affordable early learning and child care across Canada. It does stipulate a preference for growth through non-profit and public providers.

Quality

Budget 2021 acknowledges that qualified educators are “at the heart” of a quality system. It references professional learning opportunities and wages to support and grow a professional early childhood workforce. Unlike fees for parents, the Budget does not state a wage target for educators. It is essential

that the affordability expectations are joined to quality requirements that recognize adequate compensation and professional work environments.

Federal-Provincial-Territorial Collaboration

Budget 2021 reinforces processes already in place through the Multilateral Early Learning and Child Care Framework and the bilateral agreements reached with provinces and territories, the asymmetrical agreement with Quebec and the Indigenous Early Learning and Child Care Framework and accompanying accords signed with First Nations, Métis and Inuit peoples.

Recognizing provincial/territorial jurisdiction for the management of early learning and child care, Ottawa is inviting governments to bring forward their plans using the bilateral agreement process. The current range, organization and funding of existing programs are unique to each jurisdiction and building a system will need to take this into account.

A new Secretariat will advance the federal government's capacity to collaborate effectively with provinces and territories as the new system evolves. The commitment to a data and monitoring strategy will inform decision-making and allow the public to track progress.

Questions:

Will the provinces and territories need to provide matching dollars to receive Federal funding?

No, the provinces and territories will not need to raise their current spending to match new federal funds as long as Ottawa's money is put toward meeting the goals of building a quality system. Jurisdictions are expected to maintain their current levels of funding for early learning and child care.

Can the federal funding be allocated to capital costs to renovate or build new child care centres?

Capital funding is not specified in Budget 2021 but it is anticipated that federal funds in the first 5 years can be allocated for capital costs. Provinces and territories can also avail themselves to other infrastructure funding available in the Budget to build new capacity.

What happens to existing commercial child care centres?

The federal government respects that the private sector will continue to play a role and won't exclude provinces with extensive for-profit child care from receiving funds for the new system. It is anticipated that existing commercial operators will be eligible assuming they accommodate the maximum parent fee and quality expectations including workforce compensation levels. PEI and New Brunswick provide examples of how funding can be tied to standards for commercial providers. Ontario had a history of encouraging for profit operators to convert to non-profit. Going forward, any expansion of early learning and child care will take place through public and non-profit providers.

Can early learning and child care be an extension of public education?

Early learning and child care is integrated into education ministries in nine provinces and territories. Full-day Kindergarten for five-year-old children is offered by nine jurisdictions. PreKindergarten programs are open to all four-year-olds in Nova Scotia, Ontario and the Northwest Territories. Quebec is committed to expanding school-based PreKindergarten province-wide by 2023. Newfoundland and Labrador and Prince Edward Island have plans for 4-year-old PreK but implementation has been delayed due to the pandemic.

Many parents find that a full school day provides sufficient hours of care. Mothers work more hours, and the numbers of mothers in the workforce increases the year in which their youngest child starts school full time, whether that is at age four, five or six years. Before- and after-school programs extend the school day and can further cover parents' work needs. Quebec, Ontario and Nova Scotia require before- and after-school programs be offered for children starting in prekindergarten.

Can federal funding be used to expand half day Kindergarten to full day, or to bring in 4-year-Kindergarten?

While many schools directly operate their own before- and after-school programs, and some provide child care or drop-in programs for preschoolers, outside of minority francophone and First Nations, Métis and Inuit communities, there is no precedence for the direct funding of school programs by the federal government. The Budget does not rule this out as a possibility, and indeed provinces have publicly said they want their preschool investments to be recognized when negotiating their share of federal child care funding. The \$9.2-billion earmarked to match the provincial/territorial contribution recognizes current spending on Kindergarten and related early childhood programs in schools.

Recent reports from [Deloitte](#) and the [Conference Board of Canada](#) suggest that the provinces and territories expand access to early learning using the public education platform by first ensuring that all 5-year-olds receive a full day of Kindergarten, and then include four- and three-year-olds, building in extended day options.

Will the additional funding from the federal government ensure access to early learning and child care for all children?

Additional federal funding would adequately cover about 70% of children five years old and younger. This level of provision may meet much of the demand for child care, since parental leave and benefits cover children during their first 12 – 18 months. Increasing payments and extending coverage to those working in the gig economy, students and others who are currently ineligible, would also reduce child care needs for the youngest children.

What is the status of the Secretariat mentioned in the Budget?

The Budget adds \$34.5 million over five years, starting in 2021-22, and \$3.5 million ongoing, to Employment and Social Development Canada to strengthen capacity for a new Federal Secretariat on Early Learning and Child Care. It has been confirmed that the Secretariat is not an advisory committee. Other details have not been released but it has been described as bringing together officials with a connection to early learning and care and expertise in public policy implementation.

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