



report

Child Care and Federal Budget 2021: A Resource for Components

May 2021

The National Union of Public and General Employees (NUPGE) is a family of 11 Component and 3 affiliate unions. Taken together, we are one of the largest unions in Canada. Most of our 390,000 members work to deliver public services of every kind to the citizens of their home provinces. We also have a large and growing number of members who work for private businesses.

The office of the National Union of Public and General Employees is situated on the traditional unceded territory of the Algonquin Anishinaabeg people and is now home to many diverse First Nations, Inuit, and Métis communities.

We recognize and acknowledge the crimes that have been committed and the harm that has been done.

And, we dedicate ourselves, as a union, to moving forward in partnership with Indigenous Peoples in a spirit of reconciliation and striving for justice.

Larry Brown, President

Bert Blundon, Secretary-Treasurer

On April 19, Minister of Finance, Chrystia Freeland, tabled the first budget in 2 years. The headline announcement of [Budget 2021](#) was the investment in a national child care system.

Further details will emerge as the federal government begins talks with the provinces and territories. And so, while the budget announcement is a significant win for the labour movement and other child care advocates, the fight continues at both the federal and the provincial and territorial levels.

NUPGE's aim is to support Components in their engagement at the provincial level, and to assist in any coordination across the provinces and between the provincial and national levels. A [briefing note](#) summarizing the key commitments has been shared with the National Executive Board and the Special Committee on Child Care.

Building on that summary, what follows is an overview of outstanding questions and issues to watch, as well as some arguments in support of a universal child care system.

1. Issues to Watch and Questions to Ask

The funding

NUPGE and others have been advocating for federal funding to come with strings attached. In other words, federal funds need to be tied to national standards to fix the patchwork that exists across the country.

The budget itself, as well as statements by Prime Minister Trudeau and Minister Freeland, signals that there will be conditions placed on the funds. The federal funds are intended to reach the vision, set out in the budget documents, on quality, accessibility, and affordability (e.g., the target of \$10-per-day child care by 2025–26).

But ultimately, the specifics of *how* the funds will be used to meet these targets will be subject to negotiations between the federal government and the provinces and territories. For example, will the funds go towards direct operational funding, or to parent fee subsidies, or some combination of the two?

The budget states that the 2021–22 funds will be transferred as soon as bilateral agreements are reached. There will be an “asymmetrical agreement” with Quebec, given its existing child care system.

It will be important to pressure provincial governments to get on board, and also to maintain pressure on the federal government to not back down. We need to be sure that governments' definitions of accessible, affordable, and high quality align with our own. The budget compares the project of developing a national child care system to what previous generations undertook in building Canada's public education and health care systems. This signals that the government is interested in genuine system building, but will need to be held accountable for this.

To avoid confusion, it is worth noting that these proposed negotiations about the newly announced federal money are separate from the negotiations already underway regarding the funding allocated in 2017 under the [Multilateral Early Learning and Child Care Framework](#). The new funding is also separate from previously made commitments under the [Indigenous Early Learning and Child Care Framework](#). The funds and commitments announced in Budget 2021 are in addition to these existing frameworks.

It is also important to point out that, with the new funding, the budget aims to bring the federal government “to a 50/50 share of child care costs with provincial and territorial governments, as part of the initial 5-year agreements.” But, unlike other cost-share programs, there will not be a requirement for the provinces to spend one dollar to get one of the new federal dollars.

Essentially, the federal government is putting new money on the table for improving affordability, as well as for increasing the number of spaces and addressing workforce issues. Exactly how that is achieved will be subject to the new negotiations.

The child care workforce

This is one area with few details, but some positive signals. The budget recognizes the need for a “growing, qualified workforce—with provincial and territorial partners, the government will work to ensure that early childhood educators are at the heart of the system, by valuing their work and providing them with the training and development opportunities needed to support their growth and the growth of a quality system of care.” It also recognizes the low pay of workers in the sector, who are primarily women.

Investing in the workforce is essential to ensuring high-quality learning and care, as NUPGE, its Components, and other advocates have long emphasized. The budget seems to acknowledge this relationship, but it does not offer a roadmap for how to achieve the vision. NUPGE Components and allies have an important role to play in ensuring that a qualified, well-supported workforce is at the core of this plan.

Notably, in the [2020 Fall Economic Statement](#), the government allocated \$420 million towards workforce recruitment and retention. Exactly where these funds are directed will be part of the separate set of federal-provincial-territorial negotiations, but it will be important to ensure that these funds are used effectively.

Expansion of spaces

The budget commits to “ongoing annual growth in quality affordable child care spaces,” but does not indicate a plan or a number of spaces. The budget indicates that the government will work with provinces and territories “to support *primarily* not-for-profit sector child care providers” (italics added).

This does not rule out the possibility of funds going towards for-profit spaces. It will be important to keep up the pressure for an expansion of publicly delivered child care and

for the elimination of for-profit child care. This will be particularly important to watch in those provinces with a high proportion of for-profit child care.¹

Affordability

The budget offers the most detail in the area of affordability, setting targets for reducing child care fees. Notably, the targets are stated as *averages* (e.g., 50% reduction in average fees by the end of 2022). It is unclear how this will be calculated. The lack of clarity here is quite possibly an attempt to avoid stepping into provincial jurisdiction. Again, the specifics will likely be determined in the bilateral negotiations.

2. Why the Provinces Must Get On Board: Evidence and Arguments

The budget announcement received mixed reactions from provincial governments. While some welcomed the federal funding, we have already seen signals that right-wing governments may put up a fight.

Here, it is important to note that the way that child care is regulated and funded varies by province.² This policy patchwork underscores the need for a universal system across the country. Because of the variation, there will likely be nuanced arguments and considerations in each province, but there are some overarching points that can be made in effort to get provinces on board.

This is an opportunity for provinces to build universal child care for their residents. Provinces have an opportunity to be part of a legacy-making project. If they do not step up and engage in negotiations with the federal government, provinces will not only be missing an opportunity—they will also be leaving money on the table.

The evidence of the benefits of high-quality universal child care is clear. High-quality child care supports children’s healthy development. It helps parents, especially women, to participate in the workforce, and thus contributes to gender equality and women’s economic security. A well-funded child care system creates good jobs. Together, this contributes to economic benefits for all of society.

Child care is good for the economy. While there are clear social, educational, and developmental benefits of child care, there is also an economic argument to be made. Strategically, this may be an effective argument, given the attention the pandemic has brought to the economic benefits of child care.

¹ Figure 4 in [this analysis by the Childcare Resource and Research Unit](#) (CRRU) compares the proportion of for-profit child care spaces across the provinces. The proportions in NUPGE Component provinces range from 70% (Newfoundland and Labrador) to 2% (Saskatchewan).

² CRRU produces an annual report, *Early Childhood Education and Care in Canada*, which takes an in-depth look at the state of child care across the country. The latest report, which includes province profiles and comparisons, is available here: <https://childcarecanada.org/publications/ecec-canada/20/12/early-childhood-education-and-care-canada-2019>.

- The federal budget estimates the national child care program will add 1.2% to Canada’s GDP and boost women’s employment by 240,000 jobs. Economist Jim Stanford calculates that the economic gains will actually be [up to 4 times larger](#).
- Stanford’s research shows that increased tax revenues, resulting from new employment and economic output, mean that **the system will pay for itself**. This should appeal to provincial governments. As Stanford notes: “Provincial governments will capture an equivalent amount in new revenues from the growth in employment and output, giving them a powerful fiscal incentive to participate in the program.”
- Investing in child care will contribute to the post-pandemic recovery—getting people, especially women, back into the labour force, creating new jobs, and etc.

We need to build a system for early learning and child care. The problem with the existing patchwork of child care services across the country is just that: it is piecemeal, not a comprehensive system. We can draw comparisons to the public education and health care systems in Canada when we talk about needing a public child care *system*.

- **Using an analogy:** child care advocates have used the analogy of a [3-legged stool](#), with the 3 “legs” representing the foundations of child care: affordability, accessibility, and quality. The stool (i.e., the child care system) won’t stand if one leg is missing.

Canadians want universal child care. According to a [survey commissioned by NUPGE](#), 86% of Canadians say it is important to them that all Canadian families have access to quality child care, regardless of income. 84% of Canadians said that access to affordable child care is essential for Canada’s economic prosperity. It will cost politicians, politically, if they don’t seize this opportunity to build universal child care.

Start strategically. One strategy would be to push for the bilateral negotiations to begin with the most willing provincial or territorial partners in order to set a high bar for the agreements.

- It is worth noting that BC is implementing a \$10-per-day child care program, following a [campaign by child care advocates](#). Newfoundland and Labrador also recently announced a [\\$25-per-day child care initiative](#). These examples signal that there are governments already committed to improving access to child care, and so they could be pushed to be leaders in negotiations.

3. Resources

The big picture:

[Child Care: Good for Families, Good for the Economy](#)—NUPGE #AllTogetherNow backgrounder

[Child care: the best deal for all of us](#)—NUPGE #AllTogetherNow factsheet

Operations and funding models:

[Child Care Parent Fee Subsidies Explained \(and why they are not the solution to making child care affordable for all\)](#)—All for Child Care backgrounder

[Moving from Private to Public Processes to Create Child Care in Canada](#)—Childcare Resource and Research Unit (CRRU) report

[What research says about quality in for-profit, non-profit and public child care](#)—CRRU briefing note

Addressing workforce issues:

[Next Step: A Competitive, Publicly Funded Provincial Wage Grid is the Solution to BC's ECE Shortage](#)—Coalition of Child Care Advocates of BC report

[HR Innovation Toolkit](#)—National Network on Early Learning and Child Care Human Resources Innovation and Decent Work

Lessons from the Quebec system:

[“What is the ‘Quebec model’ of early learning and child care?”](#)—Article in *Policy Options*



NATIONAL UNION OF PUBLIC AND GENERAL EMPLOYEES

- B. C. Government and Service Employees' Union (BCGEU)
- Health Sciences Association of British Columbia (HSABC)
- Health Sciences Association of Alberta (HSAA)
- Saskatchewan Government and General Employees' Union (SGEU)
- Manitoba Government and General Employees' Union (MGEU)
- Ontario Public Service Employees Union (OPSEU)
- Canadian Union of Brewery and General Workers (CUBGW)
- New Brunswick Union of Public and Private Employees (NBU)
- Nova Scotia Government and General Employees Union (NSGEU)
- PEI Union of Public Sector Employees (PEI UPSE)
- Newfoundland & Labrador Association of Public and Private Employees (NAPE)

The National Union of Public and General Employees is an affiliate of the Canadian Labour Congress and a member of Public Services International.

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