

## Accelerating Implementation of the \$10aDay Child Care Plan: Key to BC's Economic Recovery

*"As we come out of COVID-19 — what I see as one of the bright spots is that uniformly across the economy people understand now and recognize the importance of child care to a robust economy that includes everybody."* — Premier John Horgan

The social and economic returns on high quality, affordable child care for all who choose it have been well established in BC, Canada and internationally. The lessons learned during the pandemic make the need for action more urgent.

While the BC government has achieved measurable progress on child care since 2018, parent fees are still too high, ECE wages are too low, and there are only enough licensed spaces for 20 per cent of young children.

**Accelerating public investment in the \$10aDay Child Care Plan is essential if BC is to forge a just economic recovery.**

To achieve the BC government's 2020 election commitments, Budget 2021 must include significant additional operating funding<sup>1</sup> and a new capital budget for child care, along with a plan to bring \$10aDay child care to more families, implement a competitive provincial ECE wage grid, and build new publicly owned facilities.

While the federal government has committed to increasing child care funding, the economic case for bold provincial action does not rely on federal support because:

<sup>1</sup> Even before the pandemic, BC needed to increase child care operating funding by at least \$200 million annually in order to achieve universal child care by 2028, as committed.

### 1. We have achieved consensus.

We have achieved broad consensus on the importance of increasing child care investments to jump start an equitable pandemic recovery:

- RBC economists warn that women are more likely than men to face an extended period of joblessness, as they've "shouldered a heavier burden" through the pandemic. "In the last year, 12 times as many mothers as fathers left their jobs to care for toddlers or school-aged children."
- The Governor of the Bank of Canada advises that "governments could increase access to child care and reduce its cost to help the labour market rebound, and reduce the risk of long-term economic scarring for women who have disproportionately felt the brunt of pandemic job losses."
- Federal Finance Minister Chrystia Freeland describes child care as "an economic triple play" because it increases women's participation in the work force, creates jobs in the child care sector that tend to be held by women, and supports childhood development. "Early learning and child care, I really believe, is a feminist issue. It is a mothers' issue. It's about caring for our children and giving them the best possible start in life," she said. "It's an economic driver, too."
- Yet, economist Armine Yalnizyan reminds us that "this is not just a woman's problem; it's a macroeconomic problem. Household spending accounted for 57 per cent of GDP before the pandemic hit; the biggest block of spenders are households with young children;

and women make up 40 per cent of the incomes of such households. The longer women don't recover paid work, the slower will be recovery, for all."

## 2. BC can afford it.

Accelerating investment in a public system that builds public assets, as detailed in the \$10aDay Plan, will generate multiple social and economic returns.

- Economics professor Pierre Fortin reports that Quebec's child care system more than pays for itself. It has increased mothers' labour force participation and GDP, such that every \$100 in funding provided by the Quebec government has "generated a return of \$104 to itself and a windfall of \$43 to the federal government."
- Multiple studies of the \$10aDay Plan, using different methodologies and assumptions, highlight similar economic benefits. Private sector economist Robert Fairholm projected that the Plan would create 69,000 new jobs, add \$5.8 billion to BC's GDP, and pay for itself even in the near term.

### Public investment in a quality, affordable child care system also:

- Provides higher returns than other government spending, as GDP economic multipliers are among the largest of any sector, while reducing poverty and inequality, with particularly significant benefits for single mothers (Fairholm).
- Supports BC businesses by increasing productivity, due to lower turnover and absenteeism, and spreading jobs and benefits province-wide, addressing concerns that the lack of child care in smaller communities "means that people are turning away local jobs and not moving here, or they are having to leave the area, which is an economic barrier for business and services."
- Advances government's climate goals, through investments in local, green child care facilities (accessible by walking, biking, and public transit) and the creation of new climate sustaining employment.

### A public system is essential.

- In jurisdictions with effective systems, child care is publicly managed and a significant percentage of services are publicly delivered. Non-profit services can be important partners in effective systems but there are no examples that rely substantially on for-profit ownership and delivery.
- While the \$10aDay Plan welcomes all current providers, with accountability measures, the recommendation to expand in publicly owned facilities and public/non-profit delivery reflects the international evidence and experience to date in BC. In recent years, more than three-quarters of new spaces in child care centres have been for-profit, and a 2020 study of parent fees in major Canadian cities reports that fees in five BC cities studied were 20 to 60 per cent higher in for-profit than non-profit programs. The BC government must stop using public funds to incentivize the growth of for-profit child care.
- Internationally, and in Canada, education ministries are common homes for child care. They have the mandate, experience, legislation, respected workforce, and infrastructure to deliver universal access to high quality educational programs — which can be extended to include child care.

**An equitable economic recovery** from COVID-19 will uplift the needs of women re-entering the workforce and the ECE professionals providing child care for their children. BC can afford to accelerate implementation of the \$10aDay Child Care Plan, thanks to rock-bottom interest rates and the fact that "the BC government carries one of the lowest debt burdens in the country. This should provide the flexibility to foster a solid economic recovery."