

Intelligence MEMOS



From: Ken Boessenkool and Jennifer Robson
To: Federal and Provincial Childcare Funders
Date: June 24, 2020
Re: **THOUGHTS ON FORESTALLING THE COMING CHILDCARE CRISIS**

As the economy continues to re-open, albeit differently across jurisdictions and over time, many sectors are going to struggle with necessary and ongoing rules on physical distancing and disinfecting. These new constraints, while essential, will have a particularly difficult impact on childcare providers.

Why does this matter? The growth in female [earnings](#) has been one of the principal sources of increases to household income and a key economic driver in recent decades. Increased female earnings were driven by a number of factors, among them [childcare availability and cost](#). This is true even though public support and the availability of childcare prior to the pandemic was far from adequate, as we have [written](#).

The necessary adaptations of childcare spaces and services for COVID rules will magnify the shortage of safe childcare many times over. New but variable rules reducing the number of children allowed in each classroom, keeping facilities and toys disinfected, and equipping staff with appropriate personal protective equipment will help children and workers stay safe.

But these measures will also bring significant new financial challenges for childcare providers. What's more is the disturbing reality that [one third of childcare providers](#) are not sure they will be able to re-open at all.

All of this adds up to a serious reduction in the supply of available childcare spaces in Canada. That supply shock will constrain our economic recovery because it will make it more difficult for parents, and particularly mothers, to accept full- or part-time work. If that supply is lost permanently, it could lower our longer-term opportunities for economic growth.

So, what's to be done?

In the spirit of contributing to this debate, we offer this list of proposals – a public brainstorming if you will.

At the core of our proposals is the idea that the childcare sector requires an immediate injection of capital and a rapid expansion of space(s) in this critical phase of re-opening the economy.

First, on capital, the federal government has already put in place a federal transfer to provinces for childcare guided by the [Multilateral Early Learning and Childcare Framework](#). This transfer should immediately be boosted to pay some or all of the costs of a temporary injection of much-needed capital into the childcare sector.

Why the federal government? It has more immediate fiscal capacity than provinces to be able to do this. The federal government has already committed [\\$14 billion](#) to assist with recovery measures, including spending on childcare.

Second, that boost should be conditional on the [provinces](#) developing a new and complementary portable benefit for parents to help pay for the operating or capital costs of childcare. Provinces could determine the precise size and form of these portable benefits, which would be redeemed by providers. This could be integrated with temporary measures already introduced by [PEI](#) and [BC and with portable subsidies in Ontario](#). We will need both supply and demand-side solutions.

Third, provinces should actively support childcare providers to make use of community spaces that can accommodate satellite locations for childcare (including day programs for school-aged children). This could include public schools, university and college campuses, community centres and other municipal or provincial spaces that could safely accommodate a small group of children who would otherwise exceed the new limits in the primary facilities run by childcare providers.

Schools would be available during the summer to meet the immediate crunch, but even in the fall, it is not at all certain that all schools will open. Universities and colleges appear to be preparing to offer a [blend of online and in-person](#) for the fall which should leave some additional space available. To the extent these are publicly-owned, no facility charges should be required to use these spaces for satellite childcare services.

Provinces should fast track approvals and certification for licenced providers to open up satellite operations in these facilities, and cover the temporary start-up costs involved. And they should actively support childcare providers to access programs like the Canada Emergency Wage Subsidy that could defray an important share of the labour costs so that each program is supervised by qualified staff.

Finally, provinces and the federal government should work together to make it easy for primary and satellite childcare facilities and summer camp programs to get rapid access to the enhanced youth employment funding and the as-yet to be launched Canada Student Service Grant.

For many childcare and day camp programs, early childhood education students and other youth are an important workforce component. As governments take steps to support youth employment and community engagement, we think that community need for childcare should be a priority.

These ideas may not be perfect, but failure to quickly address the childcare supply shock will not only inhibit our recovery from the COVID recession, but permanently lower Canada's growth trajectory.

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