



The Case for Early Learning and Child Care in Canada

A short- and long-term economic policy winner

Early learning and child care supports parental labour force participation. It is the social infrastructure we need to accelerate the economic recovery, build increased economic resiliency and ensure Canada is optimising its labour force at a time of aging demographics. Public investment in early learning and child care delivers material and sustained economic and social benefits that will increase Canadian prosperity and improve competitiveness. The benefits outweigh the costs - the estimated return on every dollar of government investment is between \$1.5 to \$6.

- **Gets women with children, a significant part of the workforce, back to work.**

The 2020 recession impacts female workers more than any prior downturn. Many have left the labour force due to increased family responsibilities during the pandemic. Expanded quality early learning and child care reduces barriers that parents, particularly mothers, trying to enter or re-enter the workforce. Women's return to work is essential to economic recovery and future growth. Beyond returning female labour participation to pre-COVID 19 levels, expanded early learning and child care could bring as many as 90,000 more women into the labour market. But mothers are reluctant to return to work if the only options for their children do not meet high quality standards.

- **Stimulates immediate and long-term local economic activity**

Quality early learning and child care programs are located in local communities and can create good jobs for educators as they support parent workforce participation. Most of a centre's budget is allocated to staff compensation which in turn is spent in local communities, helping to support vibrant local economies on a sustained basis. Early learning and child care also integrates newcomers into local communities and helps retention of immigrants in locations outside of the major cities.

- **Significantly reduces social and economic equity gaps and releases government funds to be redirected to other uses**

In contrast to public education, there is a significant inequality dimension to early learning and child care. Kindergarten is Canada's only universal early learning program. Early learning and child care is only available to families financially able to pay high fees or who qualify for a government fee subsidy. Increasing access to early learning and child care reduces social and economic equity gaps, now amplified by the pandemic.

- **Launches preschool children on positive learning trajectories providing a strong base for a well-trained, renewable, workforce**

Quality early learning opportunities build skills for learning, problem-solving and collaboration – requirements for a strong, competent and stable future workforce. Early learning and child care prepares children for school learning, diminishes the need for special education interventions later in school and the benefits carry forward.

BACKGROUNDER: The Economic Benefits from Investment in Early Learning and Child Care – The Research

The Margaret and Wallace McCain Family Foundation, Inc. compiled the scientific, economic and policy research included in [Early Years Study 4](#). The social and economic research conducted for the Foundation by Craig Alexander as well as the Quebec studies conducted by Pierre Fortin point to the significant return on investment now and in the future. Gordon Cleveland's study of affordability concludes that a universal approach for children is sound economic policy. Perhaps more importantly, the combined economic studies point to a reduction of inequities which are now growing due to the pandemic.

Alexander, C., Beckman, K., Macdonald, A., Renner, C., & Stewart, M. (2017). *Ready for Life: A Socio-Economic Analysis of Early Childhood Education and Care*. Ottawa, ON: The Conference Board of Canada. Retrieved from <https://www.conferenceboard.ca/e-library/abstract.aspx?did=9231>

- Increased investment in early learning opportunities for young children to OECD average level (70% preschool children) returns an estimated \$6 for every dollar investment– based on increased maternal labour force participation in the short term and greater earning potential for children in the long term.
- Increased maternal labour force participation economic benefits include increased taxes and decreased social assistance expenditures.
- Estimated 2.3 % reduction in income inequality for families with young children (about .5 % of census families) as measured by Gini coefficient.

Fortin, P. (2019). Quebec Childcare at 20 What Have We Learned?

https://www.oise.utoronto.ca/atkinson/UserFiles/File/Presentations/PFortin_Childcare_NewYork_0719_Final.pdf

- A strong cost-benefit ratio resulting from increased maternal labour force participation generates reductions in social spending with increases in tax revenues which more than cover the public cost of the program.

Cleveland, G. (2018). *Affordable for all: Making Licensed Child Care Affordable in Ontario*. Toronto, ON: Cleveland Consulting. http://www.childcarepolicy.net/wp-content/uploads/2018/03/AFFORDABLE-FOR-ALL_Full-Report_Final.pdf

- Concludes that universal, free preschool (age 2.5 to 4 years) is the most cost-effective approach.