

The Economics of Childcare

Statement:

Access to childcare will play a critical role as we transition and adapt in the post-COVID-19 economy. As daycare facilities begin to re-open, they face both pre-existing challenges as well as new burdens precipitated by the spread of the pandemic that threaten their collective viability. Leadership by all levels of government is urgently needed to stabilize existing childcare services and build towards a new system that will stimulate and sustain economic recovery.

Background

On the surface, the challenges of the current COVID-19 pandemic would seem independent of cultural biases - all lives have been impacted. However, research shows that COVID-19 has had a disproportionate effect on women and other underrepresented groups. From an economic perspective, more women than men work in hospitality, restaurants and retail, which has resulted in greater job losses for women. In fact, some have called the current downturn a "she-cession". From personal and family perspectives, the pre-pandemic reality - in which women, on average, carried more unpaid housework and caregiving responsibilities than men - has only been augmented.

At the outset of COVID-19, women were the first pushed out of the labour market, making this Canada's first-ever care and service-led recession.¹² Labour Force data from March 2020 illuminated this, revealing that nearly 300,000 women between 25-34 years-old lost their jobs (heavily concentrated in the service and retail sectors) in the initial wave of the crisis.³ This was more than double the number of men in the same age bracket, and women accounted for nearly two-thirds of the total jobs lost.⁴

Across Canada, as economies were forced to fully shut down, additional sectors began to close. Labour Force data revealed that the gap between women and men's employment began to level out. For core-aged women, employment fell by 13.2% from February to April, while a further 20.3% remained employed in April but lost all of the majority of their usual hours worked. These numbers were similar for core-aged men, with employment declining by 12.0% and an additional 18.6% losing all the majority of their usual hours. Statistics Canada has indicated that "while core-aged men and women had somewhat comparable overall employment losses, nearly all (92.2%) of the employment decline for core-aged men from February to April was among full-time workers, compared with 69.9% of women."⁵

¹ See for example, Ribeiro, Celina (2020). 'Pink-collar recession': how the COVID-19 crisis could set back a generation of women. *The Guardian*, May 20, 2020.

² Armine Yalnizyan and Trish Hennessy coined the term he-cession in 2008-9 to refer to the fact that male unemployment characterized the economic downturn. Yalnizyan has aptly characterized the 2020 recession as a "she'cession."

³ Labour Force Survey. "Measuring the labour market is not business as usual for the week of March 15-21". March, 2020 <https://www150.statcan.gc.ca/n1/daily-quotidien/200409/dq200409a-eng.htm>.

⁴ Ibid.

⁵ Labour Force Survey. "Context: COVID-19 restrictions gradually ease." June 2020 <https://www150.statcan.gc.ca/n1/daily-quotidien/200710/dq200710a-eng.htm>.

Data from the most recent Labour Force Survey in June indicates that as our economy has reopened women's working hours have recovered by 37.4%, as compared to 44.3% for men.⁶ It has been suggested that part of the reason is that occupations dominated by men, especially in construction and manufacturing, are among those seeing the biggest recovery in work hours. Many occupations dominated by women, in particular face-to-face service occupations, have seen fewer jobs come back. Of concern, is the lack of recovery among mothers with younger children.

In June, Labour Force data demonstrated that employment among core-aged workers whose youngest child was less than 6 years old increased for both men and women. By the week of June 14 to June 20, when daycare services for children aged 0 to 5 had reopened in some provinces, employment had returned to February levels for fathers in this group (unadjusted for seasonality) and had edged close to pre-COVID levels for mothers.

However, mothers whose youngest child was aged 6-12 had recovered only 36% of lost work hours by mid-June, while mothers with children aged 18 and older at home and not requiring childcare had recovered 78% of their hours. This challenge is especially concerning for lone-parent mothers who hours had recovered only 23% by June.⁷

These figures demonstrate that COVID-19 has disproportionately affected women, pushing them out of the labour market and creating major barriers for their return. As well, the pandemic has served to highlight the many fractures that have always underlined the Canadian childcare system.

History of Childcare in Canada and Alberta:

The funding delivery of early childhood education and care in Canada represents a partnership between various levels of government. The provinces retain the primary responsibility for the funding and delivery of services, while the federal government plays a supporting role through transfers that cover a portion of service costs.

The current estimated federal spending for childcare is nearly \$400 million for the fiscal year beginning on April 1.⁸ Additionally, the federal government promised \$535 million in additional annual spending in its second mandate to create 250,000 new spaces for before- and after- school care, and reducing fees by 10%; however, these allocations have yet to be tabled. On June 5, the Prime Minister announced a Safe Restart transfer of \$14 billion to be negotiated with the

⁶ Ibid.

⁷ Ibid.

⁸ See Canada (2020). Parts I and II: the Government Expenditure Plan and Main Estimates. Ottawa: Treasury Board of Canada Secretariat, at P. I-67.

provinces and territories for supports in key areas including childcare.⁹ This transfer is geared to addressing COVID-19 related safe reopening supports over the coming six to eight months.

Provincially, the Government of Alberta increased its public investments in early childhood education and care in 2008, with the Ministry of Children and Youth Services introducing several new initiatives to increase the quantity and quality of services provided at the time. The increased funding supported the creation of new childcare spaces as well as wage enhancements for staff in accredited childcare centres and family day homes. The Ministry further established a goal of ensuring that all families have access to affordable, quality early learning and care.¹⁰

To mitigate the impact of COVID-19, the Government of Alberta also announced in early May that it would offer up to \$17.8 million in grants to childcare centres and approved family dayhomes through a phased approach, as part of Alberta's relaunch strategy. The first phase would see facilities receive an immediate, one time-grant to cover 25 percent of overhead costs like rent and utilities. After reopening, childcare centres could apply to receive a grant for cleaning and sanitation supplies, as part of phase two of the approach. In the third phase, three months after reopening, childcare centres could "potentially receive a third grant to offset deferred bills and to address unforeseen operational issues."¹¹

Most recently on, July 23, under a renegotiated bilateral agreement with the federal government, it was announced that the Alberta government would receive \$45 million to assist in the delivery of affordable and accessible childcare. "This investment will ensure tens of thousands of parents, especially women, children, and single parents, can enter the workforce."¹²

"Appreciating jurisdictional considerations, there is a number of things the government can do. In the first instance, they can lead by example in ensuring inclusivity in recovery, welcoming strong voices at all discussion tables.

Similarly, in discussions about childcare, the government should ensure a panorama of voices including the business, labour, the childcare sector, academics and experts, parents and children themselves are represented."¹³

The remaining months of the fiscal year will require adaptive, creative, collaborative and coordinated planning as well as direct financial support to the childcare sector. The rest of this

⁹ Harris, Kathleen (2020) Federal Government to Provide \$14B to Provinces, Territories to 'safely' Restart Economies. CBC News. <https://www.cbc.ca/news/politics/disabled-canadians-financial-supports-1.5599726>.

¹⁰ Government of Alberta (2008) Provincial childcare plan will create more quality childcare spaces for children up to 12 years of age. Budget 2008. <https://www.alberta.ca/release.cfm?xID=23490CED55609-98BD-B51C-511D68C6FF21A568>.

¹¹ Mertz, Emily (2020) Alberta offers grants to childcare centres, dayhomes to prepare for relaunch. Global News. <https://globalnews.ca/news/6914051/alberta-grants-child-care-centres-day-homes-covid/>.

¹² Antoneshyn, Alex (2020) Alberta childcare programs to receive \$45 million from Ottawa. CTV News. <https://edmonton.ctvnews.ca/alberta-child-care-programs-to-receive-45m-from-ottawa-1.5035915?cache=yesclipId104062%3FautoPlay%3Dtrue%3FclipId%3D104062>.

¹³ Nord, Leah. Commentary: Reliable and Affordable Childcare Key to an Inclusive Recovery. Canadian Chamber of Commerce. <https://www.canadianbusinessresiliencenetwork.ca/news-and-insights/2020/06/23/commentary-reliable-and-affordable-childcare-key-to-an-inclusive-recovery/>.

document will focus on recommendations that can be undertaken immediately to help offset the impact of the pandemic on the childcare industry.

Fiscal Year 2020-21

While the supports offered are appreciated, they have not been responsive to the fluctuating childcare needs that providers have identified, in several ways.

Childcare providers have identified that one area of concern is access to and cost of personal protective equipment (PPE). With all businesses re-opening, there is an increased demand for PPE as a part of their ongoing operations and protocols.¹⁴ In addition to access, there is an additional cost that is associated with the extra PPE that was not necessarily planned for a couple of months ago. This has left childcare providers in the unenviable position of considering passing these costs onto parents.

Moreover, the supports introduced have not addressed the capacity issue. New restrictions set forth by the provincial government have limited the number of spaces available at each daycare. That has had a compounding effect on both daycare revenues and parents who are seeking spaces for their children as they return to work. A local daycare noted that, “due to (the pandemic) and the rules set forth by the government and the health department, I cannot have the same number of children in my care as I previously did which has hurt my business.” There are two options to overcome the capacity dilemma: The first would be to create daycares from scratch (which would be time-sensitive) and the second more viable option would be to allow existing daycares to operate in more than one physical location. That would minimize interactions and increase safety among cohorts,¹⁵ while having the added effect of allowing daycare services to normalize operations by providing an equal number of spaces as were offered prior to the pandemic.¹⁶

The Alberta Government has a publicly accessible website¹⁷ that links to childcare providers by region. When searching for providers in Lethbridge and comparing the capacity listed on the website against the mandated capacity of 30, we are short approximately 937 spaces at present (this assumes that providers were running at capacity before the pandemic). If this calculation is correct, Lethbridge would need an additional 31 facilities to accommodate the overflow.^{18,19}

¹⁴ To help local businesses find access to PPE, the Lethbridge Recovery Task Force has created a section on its website that lists all PPE suppliers in Lethbridge. To access this list, please visit: <https://chooselethbridge.ca/userfile/file/PPE%20Procurement%20Lethbridge%20Region.pdf>.

¹⁵ The Alberta government has issued specific guidelines for how daycares should run. Childcare programs must operate in cohorts of no more than 10 people, including staff. In addition to health-related protocols, there are strict rules preventing any member of one cohort from interacting with any other cohort. Included in that are restrictions on staff interactions, use of shared spaces and equipment, and requirements to stagger drop-off and pickup times.

¹⁶ Business Council of Alberta (2020) “*Relaunching Alberta Part 1: Solving the Daycare Problem*.” <https://www.businesscouncilab.com/work/relaunching-alberta-part-one-solving-daycare-problem/>.

¹⁷ See:

<http://www.humanservices.alberta.ca/oldfusion/ChildCareLookup.cfm?s=search&sfid=&sinspd=&sinspc=&show=&ProgramName=&City=lethbridge&PostalCode=&buttonSubmit=3921>.

¹⁸ It is important to note that the search only yielded 34 facilities and included in the search were daycare providers and preschool facilities and the age range of under 19 months and 19 months to kindergarten.

¹⁹ See Appendix A.

It has been suggested that to quickly address this issue, all levels of government could work to leverage untapped potential in existing public assets (this could include public schools, university and college campuses, community centres and any other municipal space that could safely accommodate a small group of children who would otherwise exceed the new limits in the primary facilities run by childcare providers). Rental and cost recovery fees for the use of these assets for childcare services should also be eliminated, as these assets are already funded by public dollars and should be available for as long as COVID-related measures are in place.²⁰

Moreover, as we move into Fall and boards of education make decision about ratios and alternative days or times of classes, all levels of government will also have to be responsive to the fluctuating childcare needs of those who require before- and after-school care (those 5 and older). The City of Lethbridge could work with the province to coordinate policies on opening camps for older children if necessary. Of course, restrictions would need to be in place to protect the health of those involved, but unless schools are open at their pre-pandemic capacity, parents will need care options for their older children.

In both of these instances, early childhood education students are important workforce component. A local daycare suggested that many students are unaware of the assistance program from post-secondary funding through the Professional Development grants that are made available to Early Childhood Education students. Those students who are enrolled in post-secondary classes while obtaining full-time employment in a childcare centre can apply for grants of up to \$1500 per year. The maximum that an Early Childhood Educator (ECE) enrolled in Lethbridge College can receive is \$1000 per year. This is a great incentive for ECE to continue to obtain further education in the field, however, there seems to be a higher need for College-students, yet the funding is \$500 less per year. The Government of Alberta should increase funding to those ECE obtaining their childcare worker certificate or childhood supervisor diploma to help cover the costs of schooling and get qualified staff in the field faster.

We are only three weeks away from the end of summer. To ensure childcare programs and schools ready, sizeable investments must be made by all levels of government now in terms of securing childcare spaces, staff, and PPE. Certainly, we risk losing a large part of our Canadian, Albertan and local economic activity – our tax base and social equity – if these barriers are not removed.

With this in mind, the Lethbridge Chamber of Commerce recommends:

The Federal Government

- Review and revise childcare tax credits both for parents/guardians and childcare providers
- Prioritize workforce planning in the childcare sector
- Encourage jurisdictions and regulating bodies to standardize certification criteria and standards including foreign credential recognition and bridging

²⁰ Ibid.

- Financial support to increase access to early childhood education opportunities for populations including youth, women and immigrants to ensure inclusive recovery

The Alberta Government

- Work with the City of Lethbridge to support childcare providers to make use of community spaces that can accommodate satellite locations for childcare (including day-programs for school-aged children)
- Work with the City of Lethbridge to open more day camps for children aged 5 and older
- Establish a ‘Provider Guarantee’ to ensure that no provider is forced into insolvency as a result of COVID-19
- Plan school-to-care coordination that expands childcare capacity to full days for school-aged children where full-time school attendance is unavailable due to physical distancing requirements
- Increase funding to early childhood educators obtaining their childcare worker certificate or childhood supervisor diploma to help cover the costs of schooling and get qualified staff in the field faster

The City of Lethbridge

- Set up a grant through which qualified childcare centres can be eligible to receive protective equipment such as cloth face coverings, procedural (disposable) face masks, medical-grade gloves and sanitizer²¹
- Continue to monitor, publicize and/or locally post the list of daycare providers that the Government of Alberta maintains to aid in the search of parents seeking childcare possibly through the Community Wellbeing and Safety Strategy²²

²¹ See Appendix B for sample grant proposal.

²² This can be accessed at:

<http://www.humanservices.alberta.ca/oldfusion/ChildCareLookup.cfm?s=search&sfid=&sinspd=&sinspc=&show=&ProgramName=&City=lethbridge&PostalCode=&buttonSubmit=3921>.

Appendix A

Name	Program Type	Address	Postal Code	Capacity	Over	Surplus
Busy Butterflies Daycare Centre Ltd	Daycare	1116 3rd Ave N	T1H	139	Y	109
Little Sprouts Early Learning Centre	Daycare	2920 18 Ave N	T1H	20	N	-10
Opokass'sin Childcare Centre	Daycare	241 Stafford Dr N	T1H	78	Y	48
Uplands Daycare Centre Ltd	Daycare	216 Bluefox Blvd N	T1H	50	Y	20
Ataan Headstart	Preschool	241 Stafford Dr N	T1H	78	Y	48
Park Meadows Christian Playschool	Preschool	2011 15 Ave N	T1H	24	N	-6
Agape Day Care	Daycare	211069 Township Road 9	T1J	80	Y	50
Caspian Childcare	Daycare	648 11 St S	T1J	50	Y	20
Champions Childcare	Daycare	1521 9 Ave S	T1J	12	N	-18
Children's House Child Care Society	Daycare	1215 4 Ave S	T1J	57	Y	27
Great Adventures Active Learning Centre	Daycare	1208 3 Ave S	T1J	42	Y	12
La Garderie Crefl	Daycare	2104 6 Ave S	T1J	32	Y	2
Lethbridge Montessori School	Daycare	915 6 St S	T1J	50	Y	20
Narnia Daycare	Daycare	1203 6 Ave S	T1J	45	Y	15
Roo's Hundred Acre Wood Childcare & Learning Centre	Daycare	470 41 St S	T1J	91	Y	61
Serendipity Child Care Ltd	Daycare	520 18 St S	T1J	75	Y	45
Spanish Montessori Learning Centre	Daycare	1215 3 Ave S	T1J	85	Y	55
Sundance Day Care	Daycare	226 Mt Sundance Crescent W	T1J	25	N	-5
Sunny South Daycare Centre	Daycare	1238 3 Ave S	T1J	64	Y	34
Where the Wild Things Grow Eearly Learning Centre Ltd	Daycare	2803 6 Ave S	T1J	50	Y	20
YMCA Crossings Early Learning and Child Care Centre	Daycare	#140 74 Maurentania Rd W	T1J	55	Y	25
YMCA Round St ELCC	Daycare	#232 200 4 Ave S	T1J	82	Y	52
Prematernell La Verendrye	Preschool	625 21 St	T1J	15	N	-15
A Child's Second Look	Daycare	50 24 Mt Burek Blvd W	T1K	47	Y	17
Aslan Day Care Centre	Daycare	101 Jerry Potts Blvd W	T1K	100	Y	70
Bumble Bear Daycare	Daycare	3 Elm Crescen S	T1K	38	Y	8
Hands On Early Learning Centre Ltd	Daycare	3000 College Dr S	T1K	42	Y	12
Kingdom Kids Christian Childcare Inc	Daycare	1013 8 St S	T1K	140	Y	110
Lethbridge Montessori School - Forestry	Daycare	3611 Forestry Ave S	T1K	140	Y	110
Royal Axa Care	Daycare	95 Mt Blakiston Rd W	T1K	34	Y	4
University Kid's Campus Daycare Ltd	Daycare	4401 University Dr	T1K	56	Y	26
Discovery Nursery School	Preschool	260 McGill Blvd W	T1K	24	N	-6
Lethbridge Play & Learn Preschool Society	Preschool	2329 15 Ave S	T1K	19	N	-11
Little Lambs Christian Preschool	Preschool	20 Rocky Mountain Blvd W	T1K	18	N	-12
TOTAL SHORTAGE BASED ON CURRENT CAPACITY CONSTRAINTS				937		

Appendix B

Lethbridge Childcare Provider Business Protective Equipment Grant

The Lethbridge Chamber of Commerce as the *Voice of Business* is a Convenor for leaders of influence, Champion for a strong community, and a Catalyst for business growth to enhance a healthy economic and social environment in our region. As the *Voice Of Business*, our Chamber currently has a membership of over 750 local businesses, which equates to about **12,000 employees**. As well, close to 150 business people volunteer their time working on our various committees, Executive and Board of Directors.

This program is being offered through a generous grant administered by the City of Lethbridge in support of Lethbridge childcare providers.

Grant Information

The Lethbridge Childcare Provider Business Protective Equipment Grant is to help support Lethbridge childcare providers who have been impacted by COVID-19, with immediate recovery costs. The aim is to help offset the costs that providers have incurred as a result of requirements set forth by Chief Medical Officer, Deena Hinshaw. Grants are available for up to COST to cover COVID-19 adaptation related expenses. Eligible expenses include:

- Personal protective equipment such as cloth face coverings, procedural (disposable) face masks and gloves

Criteria

- Be registered childcare provider (non-profit or charity, sole proprietorship, partnership, or corporation where the applicant is a shareholder)
- Business must be physically located in the City of Lethbridge that is either operating or in the process of reopening

Application Process and Timing

- Applicant must submit a completed Grant Application and corresponding documentation to a City employee of your choosing
- Applications will be accepted starting 9 am on DATE and the application window will remain open until further notice or until supplies last.
- Applications will be reviewed by a committee
- Funds are normally made available within 3-5 days and proof of payment.