

The *Early Learning and Child Care Transformation Report* prepared by KPMG for the Department of Families sets out the challenges of today’s current early learning and child-care (ELCC) system, as well as the benefits of transformation.

The following is an excerpt from the Aug. 31, 2020, report, which will be released in full in 30 days:

**THE CHALLENGES WITH TODAY’S ELCC SYSTEM**

A substantial investment is being made in Manitoba’s current ELCC system by Government. Overall ELCC expenditures in Manitoba have grown by 37% from 2010-11 to 2019-20, or by 3.5% per year. These expenditures have grown faster than the rate of inflation (at 1.7% per year) and faster than the growth in the number of children in the province (1.5 % per year), yet issues with access, affordability, labour market support, sustainability and quality in the system exist.

In 2019, a Statistics Canada survey on the usage of early learning and child care arrangements in Canada found that parents in Manitoba note that they have difficulty securing access to child care. The current ELCC system is not currently responding to unmet demands for child care by growing the supply of options.

Analysis of how the current ELCC system operates suggests that there are key challenges that need to be addressed:

- The outcomes that Manitoba’s ELCC system are intended to deliver are not clear, and there is no way of reporting the extent to which parents can access the type and quality of child care that they want and need.
- Those parents who want to use child care during standard hours and who can access a child care space at the regulated parent fee are supported by the current ELCC system and benefit from low out-of-pocket costs (relative to other provinces) for their child care, while others may struggle to access child care that meets their needs, or that they can afford.
- While child care enables parents to work (or prepare for work), it is typically associated with labour force participation decisions for mothers. Labour force participation and employment rates for mothers in dual-parent families in Manitoba are generally similar to that of other Canadian provinces. However, single parents in Manitoba, particularly single mothers, are more likely to not be working in Manitoba when compared to single mothers in other provinces, particularly when their children are younger.

- Lower income families in Manitoba are among those who face barriers to getting access to licensed child care (at low regulated parent fees) and who may be forced to rely on unlicensed arrangements that do not meet their needs in terms of affordability or quality.
- Many Manitoban families have different needs and expectations for their child care and the current ELCC system is not well placed to meet these.
- The ELCC system is not well supported by its current technology, policies or processes. This contributes to inefficiencies in the system for both ELCC staff and parents.

## **COVID-19 CONTEXT**

Recent times have demonstrated how essential child care has become. Like power, water, telecommunications, banking or other forms of essential infrastructure, it is easy to take its availability for granted until such time as there is an unplanned interruption – such as that which occurred from COVID-19.

When COVID-19 struck, there were reports from across Canada of innovative and adaptive responses from the child care sector to support essential workers. These enabled parents to continue to run health, protection and emergency services, sanitation, home delivery and other essential services. In some instances, child care providers continued to offer services despite risks to themselves and their own families.

A number of Government responses were created:

- Families working in critical services (including healthcare, grocery stores, farming, banking and construction) had enhanced access to licensed spaces, and enhanced support to find a suitable space
- \$18 million in grants were offered to help Early Childhood Educators to offer child care independently in their homes, as administered by the Manitoba Chamber of Commerce and Winnipeg Chamber of Commerce
- Over 25,000 personal protective equipment items were made available to help caregivers stay safe, and
- Many child care staff have been eligible for the \$120-million Manitoba Risk Recognition Program, which provides a one-time payment of \$1,377 to more than 78,000 essential frontline workers who have taken extraordinary risks to keep Manitobans safe.
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While across Canada the following responses emerged:

- “As-needed” 24/7 care centres for front-line and essential workers was offered in Ontario, providing child care for up to 30 children each at a time

- Free emergency daycare for essential workers was offered in Quebec
- School-based daycare sites were used to provide care for children in a number of jurisdictions through cooperation with education departments, even where schools were closed, with providers saying parents knew and trusted these services, and
- Small day-home providers were used in many locations to nimbly respond to local needs for care, with smaller group settings reducing opportunities for transmission of COVID-19.

## **BENEFITS FROM TRANSFORMING MANITOBA'S ELCC SYSTEM**

There are a number of benefits to transforming and supporting a stronger ELCC system in Manitoba. Based on economic impacts analyzed for this review, when considering the direct, indirect, and induced economic impacts of the operation and jobs enabled by child care in Manitoba, the child care sector currently supports approximately 5.4% of jobs in Manitoba and approximately 5.5% of Manitoba's GDP. The child care sector also contributes to approximately \$248 million of provincial tax revenues.

Analysis was based on utilizing a customized Statistics Canada-based input output model using the revenue and expenditures provided by Manitoba's ELCC program. The analysis quantified the direct and indirect impacts and induced effects from the noted scenarios.

Notably, child care in Manitoba yields a strong return on the investment it makes. Based on the economic impact analysis completed for this review, for every \$1 of revenue earned by Manitoba child care providers, \$1.30 of GDP are created and \$1.10 of labour income are created within the same year.

This impact is compounded by the influence of the jobs enabled by child care. The jobs that are directly enabled by child care in Manitoba support an additional \$7.60 of GDP and \$4.70 of labour income for every \$1 of revenue earned by Manitoba licensed child care providers. This results from the fact that for every \$1 million of revenue earned by Manitoba's child care providers, 61 jobs are directly enabled.

Transforming the ELCC system will take time, money, and appropriate resources. But if Manitoba can begin to make changes to the way the ELCC system is able to respond to the needs of families, by creating additional capacity to support families to participate in and / or prepare for work, there are benefits to be realized.

Analysis of some potential benefits was completed to understand the impacts of families being able to access new child care options, specifically:

- Enabling 1,000 families to access new spaces from private child care providers setting up and offering child care to higher-income families who would be able to move their children non-profit to private providers.
- Enabling 1,000 low and middle-income families to access spaces that are freed up in non-profit providers. These are low and middle-income families who previously did not use child care outside of their home and would be enabled to work or prepare for work (i.e. study / train).

If these 2,000 families were able to use child care to work, the additional jobs created in the ELCC sector, based on economic impact analysis completed, would add an estimated \$45.6 million in additional GDP, 548 jobs in the province, and \$5 million in provincial taxation revenues.

If the value of goods and services purchased by these workers was also considered, the analysis shows that benefits could be expected to total an estimated \$64.1 million in additional GDP (including the estimated \$45.6 million noted above), 678 jobs in the province, and \$5.6 million in provincial taxation revenues.

This illustrates the potential starting benefits that could emerge from transforming the ELCC system, and sets a case for change; one that would seek to improve the access, affordability, labour market support, sustainability and quality of child care for Manitoba's families and children.