

# FEDERAL PROFILE 2017



## EDUCATION'S ROLE IN EARLY EDUCATION AND CARE

Provinces and territories exercise exclusive jurisdiction over education. Social programs, including child care, are also a provincial /territorial responsibility.

Ministers of education founded the Council of Ministers of Education, Canada (CMEC) in 1967. This intergovernmental body represents the education interests of the provinces and territories when consulting with national education organizations, the federal government and international forums.

The CMEC Early Learning and Development Framework<sup>1</sup> presents a pan-Canadian vision for early learning to foster continuity across jurisdictions. It provides guiding principles for education policy and curriculum to support the development of early learning programs.

## THE FEDERAL ROLE

The federal government has a direct role in funding early childhood programs on First Nations reserves, for military personnel, for federal prisoners and for refugees and immigrants to Canada. Funding levels have largely stagnated over the past decade and some were reduced. Budget 2016 set the stage for a Multilateral Early Learning and Child Care Framework<sup>2</sup> agreement that was signed in June 2017 between the federal government and the provinces and territories.<sup>a</sup> A long-term investment strategy was outlined in Budget 2017.

## FEDERAL, PROVINCIAL AND TERRITORIAL AGREEMENTS

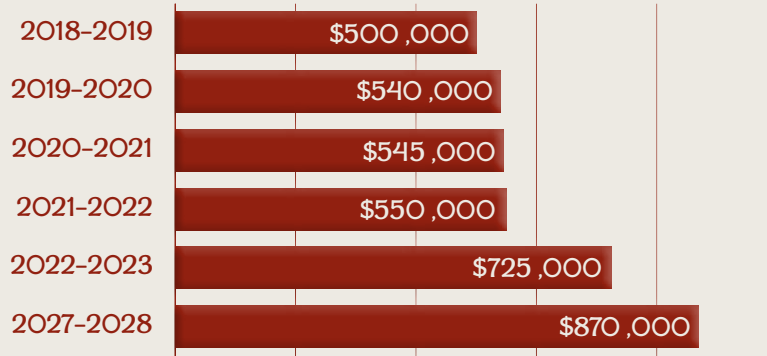
The Multilateral Early Learning and Child Care Framework is used to flow federal funding to provinces and territories. It is focused on creating child care services for vulnerable families, including those that are marginalized by geography, income, family status, language, non-standard work, disability or culture. The framework contains a commitment to improve data collection and information about the status of child care for children under 6 years of age, including the number and types of licensed spaces and access to subsidies. A complementary but separate framework is in development for Indigenous early learning and child care.

The Government of Canada has committed to spending \$7.5 billion<sup>3</sup> over a decade through its Helping Families initiative. The money will be pulled from the \$11.9 billion social infrastructure fund announced in 2016. The \$500 million for child care, announced in Budget 2016 for 2017-2018, increases by 10 percent to \$550 million by 2021-2022. A more significant jump to \$870 million takes place post-election between 2022 and 2028 (see Figure A). The amounts are not referenced in the framework; instead, the document commits the federal government to spending no less in 2028 than it does in 2017.

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a While the Government of Quebec supports the general principles of the Multilateral Early Learning and Child Care Framework, it did not participate in developing the initiatives because it intends to preserve sole responsibility for social matters. However, Quebec receives its share of federal funding and the Government of Quebec makes major investments in programs and services for families and children.

**FIGURE A**  
**Federal Commitment to Early Learning and Child Care**  
**2017-2028**



Source: Budget 2017

Funds flow to the provinces and territories through bilateral agreements, which include action plans to meet the framework’s objectives. Approximately \$1.2 billion over three years supports phase one of the agreements, which will be updated and renewed on their expiry. Each jurisdiction receives a base payment of \$2 million, plus a per capita allocation determined by their population aged 0-6 years. Of the \$500 million allocated in 2017-18, \$100 million goes toward programs for Indigenous children living on- and off-reserve. Over the course of the framework, \$95 million will go toward research and evaluation and \$100 million is dedicated to innovation.

At the time of writing, Ontario, Prince Edward Island, New Brunswick, Nunavut, Newfoundland and Labrador, and Nova Scotia had signed agreements with the Government of Canada

The initiative represents the fifth time in 40 years that the federal government has committed support to child care. Helping Families 2017 is among the more modest. Table A compares the federal child care plans. Table B outlines current federal investments in early learning and child care.

**Table A Comparison of Federal Child Care Commitments 1987-2017**

Program name	Helping Families	Foundations Program	Multilateral Framework on Early Learning and Child Care	Red Book	National Strategy on Child Care
Prime Minister in office	Trudeau	Martin	Martin	Chrétien	Mulroney
Year initiated	2017	2005	2003	1993	1987
Total investment	\$7.5 billion	\$5 billion	\$1.05 billion	\$2.16 billion	\$6.4 billion
Agreement duration (years)	11	5	5	3	7
Annual average payment	\$637 million	\$1 billion	\$20 million	\$720 million	\$914 million

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**Table A Comparison of Federal Child Care Commitments 1987-2017 (continued)**

Anticipated spaces	40,000 in the first 3 years	250,000	Not specified	150,000	200,000
Time frame	2017-2028	2005-2007, cancelled in 2006 by Harper government	2003-2008, then rolled into the Canada Social Transfer	Not implemented	Not implemented

**Table B Federal Investments in Early Learning and Child Care**

Policy	Program Name	Ministry/ Agency	Annual Expenditure 2017	Notes
Transfers to provinces/ territories <sup>a</sup>	Canada Social Transfer	Finance	\$1.3 billion <sup>a</sup>	Support for children's programs increases by 3% annually
	Multilateral Early Learning and Child Care Framework	Employment & Social Development Canada (ECSD)	\$500 million	New funding Rises gradually to \$870 million in 2028 Includes \$100 million in 2017-18 for Aboriginal programs
Income transfers to individuals <sup>a</sup>	Canada Child Benefit	ECSD	\$22.9 billion <sup>b</sup>	Consolidates a number of child payments
Tax expenditures <sup>b</sup>	Child Care Expense Deduction	Finance	\$1.3 billion <sup>c</sup>	\$455 million increase over 2014
	Investment Tax Credit for Child Care Spaces		Under \$500,000 <sup>d</sup>	Repealed in Budget 2017
	Exemption from GST for Child Care		\$165 million	
	Teacher and Early Childhood Educator School Supply Tax Credit <sup>e</sup>		\$25 million	New program

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**Table B Federal Investments in Early Learning and Child Care (continued)**

Policy	Program Name	Type	Annual Expenditure 2017	
Programs for Aboriginal children	Aboriginal Head Start Urban and Northern (2016) <sup>f</sup>	PHAC	\$35.4 million	Reduced by \$5 million in 2015
	Aboriginal Head Start On Reserve (2016) <sup>g</sup>	Health Canada	\$47.37 million	Reduced by \$5 million in 2015
	First Nations and Inuit Child Care Initiative <sup>h</sup>	ESDC	\$50 million	Reduced by \$5 million in 2015
	Facilities repair and renovation (2017) <sup>i</sup>	ESDC	\$29.4 million	New funding
	Child Care On Reserve (ON, AB) <sup>j</sup>	AANDC	\$21 million	\$21 million
Parental leave	Employment Insurance maternity and parental benefits	ESDC	\$3,584 million	
Other spending	Military families, newcomers, prisons, research, etc.	Various	N/A	N/A

All figures to March 31, 2017, unless otherwise stated.

- a Treasury Board of Canada Secretariat. Early Learning and Child Care. Retrieved from <https://www.tbs-act.gc.ca/hidb-bdih/plan-eng.aspx?Org=06Hi-416Pl-746>
- b Consolidates the Universal Child Care Benefit, the Child Tax Credit and the Disability Tax Credit. Department of Finance. (2017). Report on Federal Tax Expenditures. Retrieved from <http://www.fin.gc.ca/taxexp-depfisc/2017/taxexp-depfisc17-eng.pdf>
- c Ibid, p. 80.
- d Ibid, p. 167.
- e Ibid, p. 47.
- f Office of Audit and Evaluation Health Canada and the Public Health Agency of Canada (March 2017). Evaluation of the Aboriginal Head Start in Urban and Northern Communities Program 2011-2012 to 2015-2016. Retrieved from <https://www.canada.ca/en/public-health/corporate/transparency/corporate-management-reporting/evaluation/2011-2012-2015-2016-aboriginal-head-start-urban-and-northern-communities-program.html>
- g Health Canada. Aboriginal Head Start On Reserve – Backgrounder. Retrieved from <https://www.canada.ca/en/health-canada/services/first-nations-inuit-health/family-health/healthy-child-development/backgrounder-aboriginal-head-start-reserve-first-nations-inuit-health-canada.html>
- h Employment and Social Development Canada. First Nations and Inuit Child Care. Aboriginal Skills and Employment Training Strategy. Retrieved from <https://www.canada.ca/en/employment-social-development/services/indigenous/asets.html>
- i Ministry of Finance. Budget 2016. “Chapter 3 - A Better Future for Indigenous Peoples.” Retrieved from <http://www.budget.gc.ca/2016/docs/plan/ch3-en.html>
- j Aboriginal Affairs and Northern Development Canada. These agreements are under review.

## FEDERAL SPENDING

**Canada Social Transfer:** Over \$1.3 billion was transferred to provinces and territories to support families with young children in 2016–2017 through the Canada Social Transfer. This is a national allocation for early childhood development, early learning and child care, and child care spaces.

**Canada Child Benefit:** Canada Child Benefit payments began in July 2016, replacing the Canada Child Tax Benefit, including the National Child Benefit supplement and the Universal Child Care Benefit. The Canada Child Benefit provides a maximum of \$6,400 per child under the age of 6 years and \$5,400 per child aged 6–17 years.

For the 2020–21 benefit year, benefit amounts and phase-out thresholds will be indexed to inflation. Table C shows the phase out rates per number of children.

Number of Children	Phase-Out Rates (%)	
	\$30,000–\$65,000	\$65,000 +
1	7.0	3.2
2	13.5	5.7
3	19.0	8.0
4 or more	23.0	9.5

Entitlement to the Canada Child Tax Benefit is based on adjusted family net income for the prior taxation year. About 2.9 million families received the benefit in 2014.

**Disability Tax Credit:** Families caring for a child with a severe disability are eligible for the Disability Tax Credit, which provides an additional maximum of \$2,730 per child. The payment is included in the Canada Child Benefit. The phase-out rates are aligned with the Canada Child Benefit.

**Child Care Expense Deduction:** Parents may claim child care costs to a maximum of \$8,000 per child up to age 7 years; \$5,000 per child between the ages of 7 and 16 years and infirm dependent children over age 16 years; and \$11,000 for a child eligible for the Disability Tax Credit, regardless of their age. The deduction is available to parents who are employed, self-employed or in school or job training. The deduction may not exceed two-thirds of earned income for the year (not applicable to single-parents or students), and is generally claimed by the parent with the lower income except in cases of illness, disability or separation. About 1.3 million individuals claimed the deduction in 2014.

**GST Exemption:** Child care services provided for periods of less than 24 hours to children 14 years of age or younger are generally exempt from GST.

**Investment Tax Credit for Child Care Spaces:** Available to eligible businesses to create new child care spaces, the measure provides a non-refundable tax credit of 25 percent to

a maximum credit of \$10,000 per space in new or existing licensed child care facilities. Due to the low take-up (fewer than 20 corporations claim the credit each year), it was discontinued in 2017.

**Teacher and Early Childhood Educator School Supply Tax Credit:** Qualified teachers and early childhood educators can claim a 15 percent refundable tax credit based on personal spending of up to \$1,000 in eligible program supplies per year. Eligible supplies include games, craft supplies, books and educational software. Annual payouts totalling \$25 million are projected starting in 2017.

## PROGRAMS FOR ABORIGINAL CHILDREN

Four federal departments are responsible for early learning programs for Aboriginal children: Health Canada, Employment and Social Development Canada (ESDC), Aboriginal Affairs and Northern Development Canada (AANDC), and the Public Health Agency of Canada (PHAC). These departments transfer funds to First Nations communities for on-reserve and off-reserve school tuitions; Aboriginal Head Start; family support and maternal and child health programs; and the First Nations and Inuit Child Care Initiative. In addition, the federal government reimburses a portion of the costs for on-reserve early childhood programming through intergovernmental agreements with Alberta and Ontario.

Budget 2016 allocated \$29.4 million in 2016-17 for urgent repairs and renovations of facilities used by the Aboriginal Head Start On Reserve program and the First Nations and Inuit Child Care Initiative. In addition, Budget 2016 targeted \$100 million in 2017-18 toward Aboriginal Head Start and child care. A new Aboriginal Framework on Early Learning and Child Care is in development.

Two programs are targeted to Aboriginal preschoolers: Aboriginal Head Start in Urban and Northern Communities (AHSUNC) and Aboriginal Head Start On Reserve (AHSOR). While separately funded, the programs share similarities. They are free of charge to participants and are typically centre-based programs for children aged 3 to 5 years. Programs operate three to four half-days per week during the school year. In some cases, sites also offer summer activities. Some sites provide programming for younger children.

Within the centre-based model, educators provide structured early childhood development activities for children. Meals are usually included. While a standard curriculum does not exist, the focus on culturally-appropriate programming provides consistency. Depending on the jurisdiction, sites may or may not be licensed under provincial/territorial child care legislation.

In addition to centre-based programming, a number of other services may be provided. Some sites offer a home visiting component. Other program activities include parenting workshops, parent and child drop-in and special cultural events and activities for families.

**Aboriginal Head Start in Urban and Northern Communities (AHSUNC):** The Public Health Agency of Canada supports these early childhood development programs for First Nations, Inuit and Métis children and their families living in urban and northern communities.<sup>4</sup> The program currently spends \$35.4 million on 134 sites; funding and the number and

location of sites have remained fairly constant since the AHSUNC's creation in 1995. Yearly program enrolment reaches approximately 4,700 children. In 2009–2010, this represented 4 percent of all Indigenous children aged 0–6 years living off-reserve.

**Aboriginal Head Start On Reserve (AHSOR):** Aboriginal Affairs and Northern Development Canada provides \$47.37 million annually to support 300 AHSOR programs in First Nations communities on reserve (excluding British Columbia). The First Nations Health Authority in British Columbia has taken over federal responsibilities for First Nations health in that province, including AHSOR. There are 106 AHSOR sites in British Columbia. In the 2015–16 reporting year, over 14,000 First Nations children living on-reserve participated in an AHSOR program. Budgets for AHSOR and AHSUNC were each reduced by \$5 million annually in 2015.<sup>5</sup>

**First Nations and Inuit Child Care Initiative (FNICCI):** Employment and Social Development Canada provides funding for child care services for First Nations and Inuit children whose parents are working or participating in a training program. At a cost of \$50 million, the program supports an estimated 8,500 child care spaces in 486 First Nations and Inuit communities.

**Ontario Daycare Program:** Through an agreement with the Province of Ontario, the federal government cost-shares child care fee subsidies in First Nations communities. The province pays 100 percent of other child care funding (e.g., wage subsidies, special needs resourcing, transformation, health and safety, supervisor network capacity building, and child and family programs). First Nations manage the fee subsidy system in their communities.

**Alberta On-Reserve Daycare Program:** Through an agreement with the Province of Alberta, the federal government funds 800 First Nations child care spaces for children living on-reserve.

The federal government also funds health programs including the Maternal Child Health Program, the Canada Prenatal Nutrition Program—First Nations and Inuit Component, and the Foetal Alcohol Spectrum Disorder Program.

## **MATERNITY/PARENTAL LEAVE**

Eligible birth or adoptive parents can claim Employment Insurance (EI) benefits. The program paid out \$3,584 million in 2015 to 360,400 parents. Applicants must have worked 600 insurable hours and paid into the program in the year leading up to the claim. Birth mothers may claim up to 15 weeks of maternity benefits; these expire at the end of 18 weeks following the birth. All parents, biological or adoptive, may claim up to 35 weeks of parental leave benefits, which expire 52 weeks after the birth or adoption. On average, families use 14.6 weeks out of 15 maternity benefit weeks and 30 out of 35 parental benefit weeks. Both maternity and parental benefits are calculated at a weekly rate, based on a replacement rate of 55 percent of the individual parent's insured income, up to an annual ceiling (set at \$51,700 for 2018).



Beginning in December 2017, parents have the option of taking an extended leave period of up to 18 months at a lower benefit rate of 33 percent of average weekly earnings. The waiting period has been reduced to one week from two, and mothers may begin their leave 12 weeks making a claim, instead of the current eight weeks.

Since 2011, Canadians who are self-employed can opt into the federal EI program; however, in order to receive maternity or parental benefits, they need to have opted in at least one full year prior to their claim. The level of earnings required to be eligible for EI special benefits is indexed annually. To make a claim in 2018, 2017 minimum earnings were set at \$6,888. Take-up rates of maternity and parental leave benefits among self-employed workers remain very low. Just 730 self-employed persons made a claim for special benefits in 2014-15.<sup>6</sup>

Quebec has its own parental leave program formed in 2006 when it exited the federal program. Quebec's program has lower eligibility requirements and higher payout levels. The differences are highlighted in an analysis published in the *Journal of Industrial Relations*. Some 38 percent of all mothers under the federal EI program are excluded from maternity or parental benefits. In contrast, only 10 percent of mothers in Quebec are excluded from the province's parental insurance plan (QPIP).

During its tenure as a provider of parental benefits, Quebec has dramatically improved the number of low-income mothers supported through paid parental leave. Across the country, mothers in households earning \$30,000 and above receive disproportionately higher access to benefits than lower-income households.<sup>7</sup> In Quebec, the rate of low income mothers taking leave is 42 percent higher than in the rest of Canada.

Table D highlights the differences between the two programs.

Table D Parental Leave in Canada and in Quebec			
	Canada EI <sup>a</sup>	Quebec Basic Plan <sup>b</sup>	Quebec Special Plan
Eligibility	600 hours	\$2,000 earned income	\$2,000 earned income
Self-employed workers	\$6,888 minimum earnings (2018)	As above	As above
Waiting period	1 week (New)	None	None
Weeks of wage replacement at percentage of earnings			
Maternity <sup>c</sup>	15 at 55%	18 at 70%	15 at 75%
Paternity leave <sup>d</sup>	None	5 at 70%	3 at 75%
Parental shared	35 at 55% or 61 at 33%	32 (7 at 70% + 25 at 55%)	25 at 75%
Total weeks per family	50 or 76 <sup>e</sup>	55	43
Adoption	35 at 55%	12 at 70% = 25 at 55%	28 at 75%

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Table D Parental Leave in Canada and in Quebec

(continued)

	Canada EI <sup>a</sup>	Quebec Basic Plan <sup>b</sup>	Quebec Special Plan
Low income subsidy (net annual income \$25,921)	Up to 80%	Up to 80%	
Maximum annual insurable earnings 2018	\$51,700	\$74,000	

a EI Maternity and Parental Benefits – Overview. Retrieved from <https://www.canada.ca/en/services/benefits/ei/ei-maternity-parental.html>.

b Quebec Parental Insurance Plan. Retrieved from [http://www.rqap.gouv.qc.ca/includes/tableaux/tab\\_synthese\\_prestations\\_en.html](http://www.rqap.gouv.qc.ca/includes/tableaux/tab_synthese_prestations_en.html)

c Only birth mothers are entitled to maternity leave in both plans.

d Paternity leave must be taken by the non-birthing parent. Both jurisdictions recognize same-sex relationships.

e Changes to the federal plan came into effect December 2017 and provide the option of an 18 month leave at reduced payments, as well a change to wait times from two weeks to one.

(Chart adapted from Doucet, McKay & Tremblay, 2009).

## OTHER PROGRAMS

**Military Family Services Program (MFSP):** This program supports child care and parenting programs for military families at home and abroad, including emergency, respite and casual child care.<sup>8</sup>

**Language Instruction for Newcomer Canadians (LINC):** LINC is a federally-funded language training program provided to newcomers. It focuses on life in Canada, including the education and health care systems, laws, communities and customs. Programs are provided free of charge for eligible newcomers. A child care component, available for children aged 6 months to 6 years, helps parents attend LINC classes by covering the costs of informal care on-site or in licensed child care.

A review of the program found child care was a barrier to participation for many, particularly women. Students indicated their studies were often put on hold because child care spaces were often unavailable.<sup>9</sup> Not all LINC providers offer child care; those that do offer varying degrees of service. Some accept infants, while others do not accept children until they are toilet trained. Few facilities are available for school-aged children, making it difficult for parents to take summer classes.

**Institutional Mother-Child Program:** Approximately two-thirds of federally sentenced women have dependent children. Correctional Service Canada mother-child programs allow preschool-age children to reside with their mother with the option of attending preschool programs in the community or in the prison. Under the program, children under age 4 years are allowed to stay with eligible inmate mothers inside the prison. Children under 6 years are allowed on a part-time basis. Although rarely used, another 129 new purpose rooms for mothers and children were announced in 2014 for minimum-security prisons.

Since 2008, only 14 children have participated at the federal level, eight of them on a full-time basis.<sup>10</sup>

## ENDNOTES

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3. Government of Canada. *Budget 2017, Building a Strong Middle Class*. Retrieved from <https://www.budget.gc.ca/2017/docs/plan/chap-O2-en.html#Toc477707402>
4. Office of Audit and Evaluation Health Canada and the Public Health Agency of Canada, March 2017. *Evaluation of the Aboriginal Head Start in Urban and Northern Communities Program 2011–2012 to 2015–2016*. Retrieved from <https://www.canada.ca/en/public-health/corporate/transparency/corporate-management-reporting/evaluation/2011-2012-2015-2016-aboriginal-head-start-urban-and-northern-communities-program.html#a2>
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10. Brennan, S. “Canada’s Mother-Child Program: Examining Its Emergence, Usage, and Current State.” *Canadian Graduate Journal of Sociology and Criminology*, [S.l.], v. 3, n. 1, p. 11-33, apr. 2014. Retrieved from <http://cgjsc-rcssc.uwaterloo.ca/index.php/cgjsc/article/view/84>