

TAPPING A "MOTHERLOAD" OF OPPORTUNITY: HOW BC CAN GAIN FROM MORE ACCESSIBLE CHILDCARE

HIGHLIGHTS

- Women, particularly in the child-rearing years, are less active than their male peers in the workforce. The correlation between child-rearing and labour force participation is not coincidental. When surveyed, women cite family obligations, including child care, as the principal reason for leaving the workforce.
- When women opt out of the labour force, it results in missed opportunities for families, businesses and the economy. Women make up over half of the population and now account for majorities of university and college graduates in most fields of study, especially among adults under age 30.
- This begs the question: what can be done to improve women's labour force attachment and leverage the "motherload" of home-grown, highly-qualified talent? Answer: Expanding access to quality child care.
- Access to child care is not just an issue for women and their families, it's also a business and human capital issue. Some estimates suggest that, with greater access to child care, increased maternal labour supply could boost employment income by several hundred million dollars per year.
- Increasing the availability of child care could close 8% of the labour force participation rate gap between women and men. Any increase in the labour supply, particularly in light of current demographic trends, counts as a positive outcome and will lead to a higher level of GDP. In a slow-growth world, even smallish economic gains are worth pursuing.

Against the backdrop of sluggish global growth and stagnant domestic productivity, there is reason to worry about BC's long-term economic prospects. As a small open economy, the domestic levers for maintaining a competitive edge are few. One way BC can secure a stronger foothold on the future is to provide more opportunities for skilled individuals to stay engaged in paid work. When people opt out of the labour force, it results in missed opportunities for

families, businesses and the economy. Women, particularly between the ages of 20-49, are a group who exemplify missed opportunity. The age bracket between the early twenties to late forties corresponds to the child-raising period for women. During their child-rearing years, women are less active than their male peers in the workforce. The correlation between child-rearing and labour force participation is not coincidental. When surveyed, women

cite family obligations, including child care, as the principal reason for leaving the workforce.¹

Foregoing paid work is not an easy choice for most women or their families. The economy also loses out when women step away from the labour market. Increased labour force participation by mothers would benefit the economy in several ways - notably, by expanding gross domestic product, augmenting the pool of skills available to employers,

¹ Table 282-0218 Labour force survey estimates (LFS), reason for not looking for work, by sex and age group, unadjusted for seasonality, monthly.

FIGURE 1: BC LABOUR FORCE PARTICIPATION RATES, MEN AND WOMEN AGED 20 TO 49, 1976 TO 2015

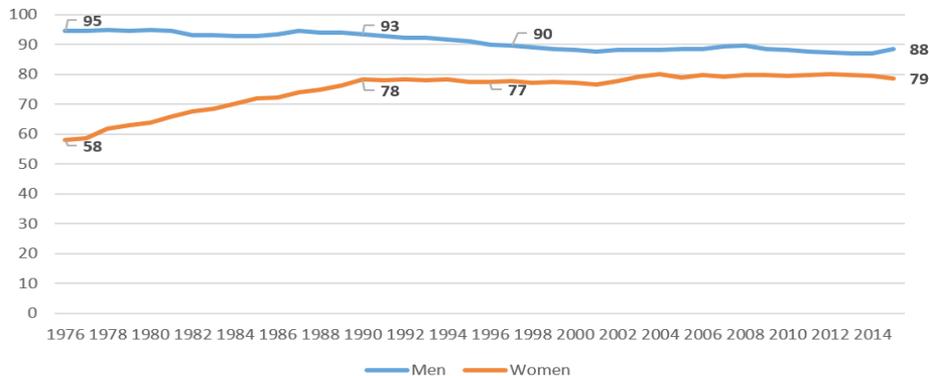
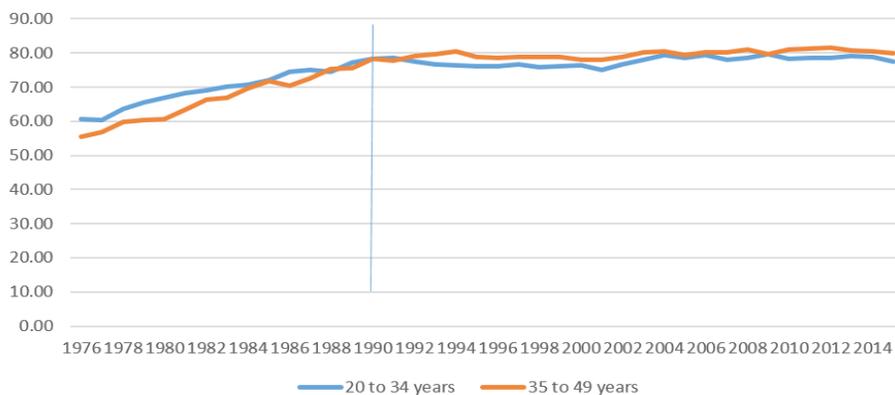


FIGURE 2: BC FEMALE LABOUR FORCE PARTICIPATION RATES, 1976 TO 2015, 20-34 AND 35-49 YEAR AGE COHORTS



and boosting government tax revenues. This begs the question: what can be done to improve women’s labour force attachment? One obvious answer: expanding access to quality² child care.

WHY FOCUS ON CHILD CARE?

Shortages of daycare spaces, high costs for care, and child minding

hours that don’t match working hours are barriers to paid work for many women with children. Parents with young children often rely on makeshift arrangements, turn to unqualified providers, or opt out of the labour force altogether. When mothers with dependent children cannot engage in the workforce, employers miss out on talent and the economy suffers. Access to quality child care is not just an issue

for women and their families, it’s also a business and human capital issue. Some estimates suggest that, with greater access to child care, increased maternal labour supply could yield \$450 million per year in private employment income and generate projected returns to BC taxpayers of \$210 million annually.³

Better access to child care would bolster labour force participation, stimulate the economy, and likely strengthen child development outcomes. For women, improving the balance between men and women in paid and un-paid⁴ work (child care) can increase financial independence and purchasing power, enable more women to pursue career and education goals, and increase lifetime earnings.⁵

TRENDS IN LABOUR MARKET PARTICIPATION: MEN AND WOMEN

Figures 1 and 2 show the labour force participation rates of women and men in BC between 1976 and 2015. After substantial gains by women through the 1980s, the employment gap between men and women ages 20-49 now looks to be stable, at around nine percentage points. While the gap fluctuated between seven and 11 points over the past 15 years, female labour force participation remains stuck just below the 80% mark.⁶ Child rearing responsibilities and challenges around accessing child care are leading causes of the gap — see Figure 3.⁷ Seventy percent

² This report does not define or address the definition of “quality of care.” But quality is an important aspect of child care and needs further research.

³ Paul Kershaw, Lynell Anderson, Bill Warburton and Clyde Hertzman. Human Early Learning Partnership, University of British Columbia, (Commissioned for the Business Council of BC), [15 by 15: A Comprehensive Policy Framework for Early Human Capital Investment in BC](#). (2009). Please refer to page 46 for methodology and further details.

⁴ In North America, women do 60-70% of unpaid care work. McKinsey Global Institute, [How advancing women’s equality can add \\$12 trillion to global growth](#) (2015) and <http://www.genderwork.ca/gwd/introduction/>.

⁵ OECD, [Gender and Sustainable Development, Maximizing the Economic, Social and Environmental Role of Women](#), (2008).

⁶ Table 282-0002 Labour force survey estimates (LFS), by sex and detailed age group, annual.

⁷ Table 282-0218 Labour force survey estimates (LFS), reason for not looking for work, by sex and age group, unadjusted for seasonality, monthly.

of working-age women who are not in the labour force cite family responsibilities as the reason (this also includes elder care), compared to 30% of men who are not in the labour force. Women are also more likely than men to point to child care responsibilities as the reason for pursuing part-time rather than full-time employment — see Figure 4.⁸

"MS. OPPORTUNITY"

Increasing the labour force participation of women by a few percentage points can produce dividends for the economy. The research and policy literature reveals that child care responsibilities lead to different labour market opportunities for women than for men.⁹ Studies quantify the negative impact of child care costs on female labour supply and show that rising costs and lack of accessible child care services reduce the probability that mothers will engage in paid work.^{10, 11}

A 2009 study concluded that increasing the availability of child care could close 8% of the labour force participation rate gap between women and men — producing a 7% increase in full time and a 1% increase in part time employment.¹² Any increase in the labour supply, particularly in light of current demographic trends, counts as a positive outcome and will lead to a higher level of GDP.¹³ In a slow-growth world, even smallish economic gains are worth pursuing.

FIGURE 3: FAMILY RESPONSIBILITIES AS THE REASON FOR NOT PARTICIPATING IN THE WORKFORCE, BC, 1997 TO 2015

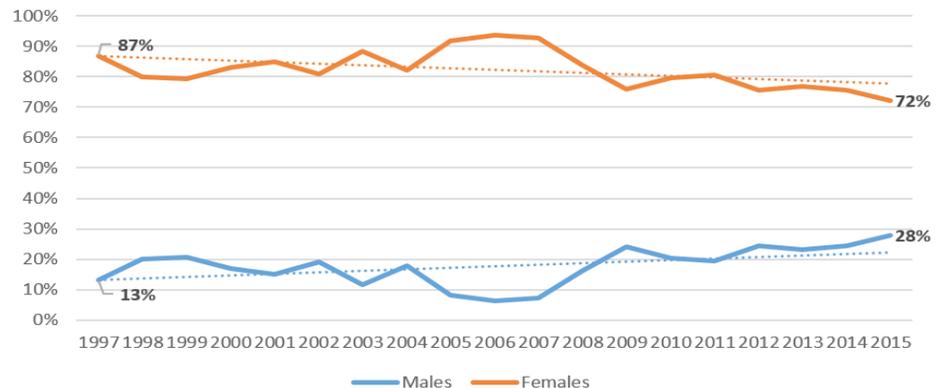
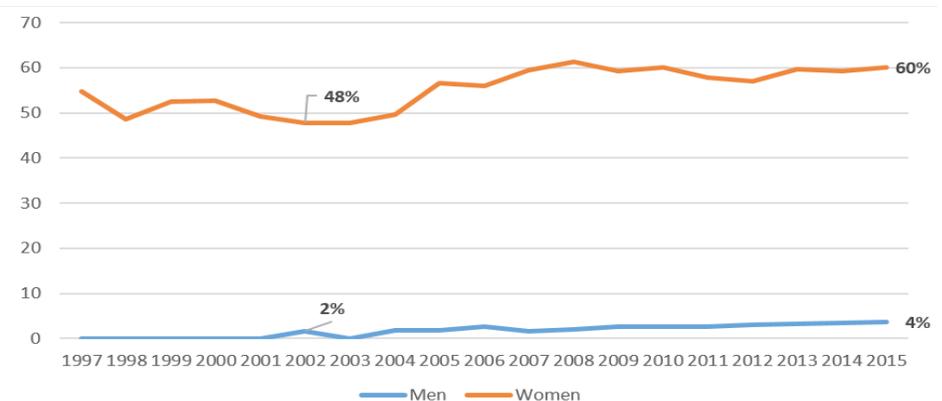


FIGURE 4: REASONS FOR PART TIME, RESPONSIBILITIES FOR CHILD CARE, WOMEN AND MEN, 1997 TO 2015



In fact, the McKinsey Global Institute suggests that world GDP would be 23% higher in 2025 if male-female workforce participation disparities were eliminated entirely in all countries.¹⁴ The concurrent estimate for North America and Oceania together is 19% by 2025¹⁵ — a sizable gain.

Alas, we are not close to eliminating the labour market gap. Constrained female workforce participation contributes to gender disparity, pay inequity, and the loss of talent. Of concern, participation in the labour force by BC mothers with dependent children is well below the 79-80% figure for all women depicted in Figure 1.¹⁶

⁸ Table 282-0014 Labour force survey estimates (LFS), part-time employment by reason for part-time work, sex and age group, annual.

⁹ Paul Kershaw. *Carefair: Rethinking the Responsibilities and Rights of Citizenship*. UBC Press (2005).

¹⁰ L.M. Powell (1997). "The impact of child care costs on the labour supply of married mothers: Evidence from Canada." *Canadian Journal of Economics* 30 (1997).

¹¹ Gordon Cleveland, Morley Gunderson, and Douglas Hyatt. "Child Care Costs and the Employment Decisions of Women: Canadian Evidence." *Canadian Journal of Economics* 29 (1996).

¹² Kershaw et al. *15 by 15: A Comprehensive Policy Framework for Early Human Capital Investment in BC*. (2009).

¹³ *Ibid.* See p. 10.

¹⁴ McKinsey Global Institute, *How advancing women's equality can add \$12 trillion to global growth* (2015).

¹⁵ *Ibid.* See p. 36.

¹⁶ Martha Friendly, Bethany Grady, Lyndsay Macdonald and Barry Forer. *Early Childhood Education and Care in Canada* (2014).

TABLE 1:
**WORKFORCE PARTICIPATION
OF BC MOTHERS BY AGE
OF YOUNGEST CHILD
(2014 ROUNDED ESTIMATE)**

Age of youngest child	Number of mothers	Participation rate (%)
0-2	80,200	69.8
3-5	62,800	76.2
6-15	176,800	79.5

With more women now getting post-secondary credentials than men,¹⁷ mothers with dependent children should be “Ms. Opportunity” — not “missed opportunity”. If more mothers obtain full-time work, secure access to up-skilling opportunities, and worry less about child care and family duties, their labour force attachment and productivity would increase and their loyalty to their employers should improve.¹⁸

GLOBAL COMPARISON OF CHILD CARE INVESTMENT

As a country, Canada invests only 0.22% of GDP within the first six years of a child’s life, placing us near the bottom in child care investment (see Figure 5). The Organisation for Economic Co-operation and Development (OECD) has proposed a minimum target of 1% of a country’s GDP to be allocated to early childhood education and associated services.¹⁹ The data below considers the whole “family benefits package”—that is, the full range of public supports available to families, from tax allowances, cash benefits and exemptions from various social

charges, to subsidies and services-in-kind. As of 2011, only Turkey and Greece among all OECD member nations spent less on child care than Canada. At the top of the list are Denmark, Iceland, Sweden, Finland, France, Norway, the United Kingdom, and New Zealand, all of which exceed the OECD’s 1% of GDP target.

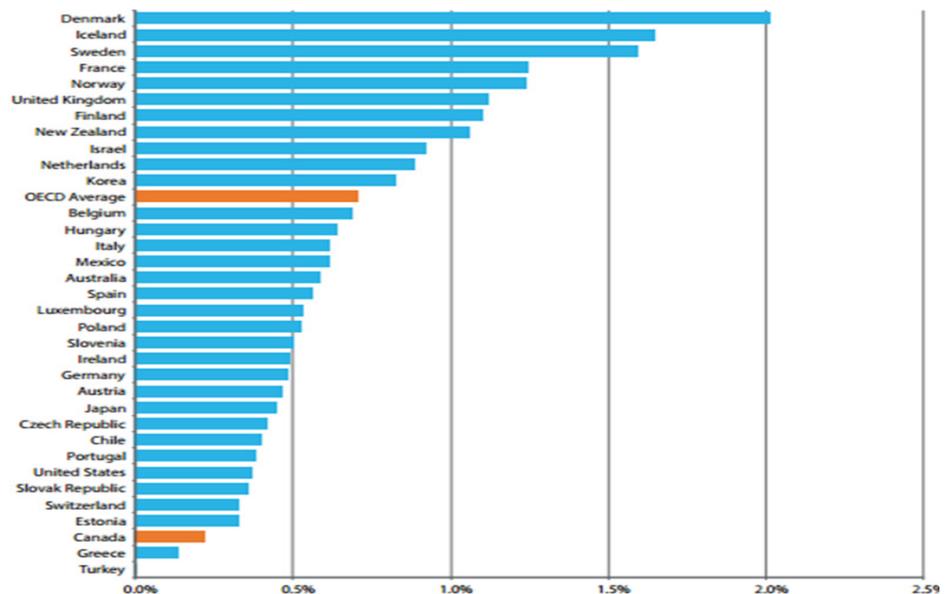
Many studies find that spending on early childhood education and care is a sound method to create and sustain jobs, reduce low-income and poverty rates, and boost overall economic growth.²⁰ International experience, particularly in the Nordic countries, confirms these observations. The US Committee for Economic Development notes that child care programs “create more new jobs and generate earnings

returns that are five times as great as traditional economic development programs.”²¹ Unfortunately in a world of constrained budgets, multiple demands for public money, and generally weak economic growth, this may not be possible.

OVERVIEW OF CHILD CARE SPACES AND PRICING IN BC

The literature published by advocacy organizations suggests that one of the greatest barriers to advancing women’s position in the workforce is inadequate child care services, including a lack of leasing options for daycare spaces, significant costs associated with care, and issues around the quality of available care.²² The most recent data indicate that

FIGURE 5: **EARLY CHILDHOOD EDUCATION AND CARE EXPENDITURES AS A SHARE OF GDP, 2011**



Source: OECD Social Expenditure Database, 2014 edition.

¹⁷ Table 282-0004 Labour force survey estimates (LFS), by educational attainment, sex and age group, annual.

¹⁸ Atsuko Tanaka, University of Calgary, [Employee Loyalty, Training and Female Labour Supply](#) (2015).

¹⁹ OECD, [Babies and Bosses: Reconciling Work and Family Life](#), Volume 4 (2005).

²⁰ Mildred Warner and Zhilin Liu, “[The Importance of Child Care in Economic Development: A Comparative Analysis of Regional Economic Linkage.](#)” *Economic Development Quarterly*, 20 (2006).

²¹ Timothy Bartik, [The Economic Development Benefits of Universal Preschool Education Compared to Traditional Economic Development Programs](#) W.E. Upjohn Institute (2006).

²² [Early Childhood Educators of BC; Generation Squeeze; Coalition of Child Care Advocates of BC; Ministry of Children and Family Development.](#)

BC had 106,719 regulated spaces for children ages 0-12 years in 2014 — enough for roughly 19% of all children in that age group.²³ As such, it is common for families seeking child care to end up on waiting lists. Recent steps by the BC government to increase child care spaces and operating funding for daycare²⁴ are welcome.

Average full-time monthly fees at regulated daycare facilities across all BC regions were \$1047 for infants (6 weeks – 18 months), \$907 for toddlers (19 months – 3 years) and \$761 for preschoolers (3-5 years). There are also regional differences in the cost of child care: 2014 monthly full-time daycare fees in Vancouver averaged \$1120 for infants, \$1093 for toddlers, and \$1012 for preschoolers—noticeably higher than the BC averages.²⁵ When juxtaposed against moderate median incomes and the high cost of living in BC's urban centres, approximately 17%²⁶ of 2014 median pre-tax family income went to daycare fees for one child. For lone-parent families, daycare fees for a single child in the city of Vancouver ate up approximately 30% of median pre-tax income in 2014.²⁷

For child care subsidies, BC parents can apply for a reduction in provincial tax liability when they file

their annual tax returns and claim the BC Early Childhood Tax Benefit (BCECTB). Introduced in 2015, the BCECTB provides a subsidy of up to \$55 per month per child under age six. Benefits vary depending on the number of children in the family and net income. The BCECTB is reduced if the family's net income exceeds \$100,000, and falls to zero once net income exceeds \$150,000.^{28, 29}

ENHANCED SUPPORT FOR FAMILIES THROUGH PARTNERSHIPS

Given the above, it is understandable why some women in their child-rearing years forego career goals, upskilling opportunities, and full-time work because of insufficient or unaffordable child care services. Many studies suggest that the benefits of investing in quality child care services outweigh the costs.^{30, 31, 32, 33, 34} Publicly-funded child care is not the only choice. Partnerships among companies, or between companies and public-non/profit organizations, are another option. Canadian cost-benefit analyses indicate that for every dollar spent on early childhood education and related services, the benefit ranges from \$1.49 to \$2.78.³⁵ The benefits

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include increased government revenues from income taxes paid by parents who would not otherwise be employed, as well as reduced future social costs because better educated children will make smarter health choices and be more financially independent.³⁶

Business can offer part of the solution. Some companies already offer their own child care services. Until there are more publicly-available day care spaces, employers will be under pressure to do more in this area. We believe Canadian business should support the principle of gender equity and “become a partner in building the kind of economy Canada needs ... by supporting economic growth through partnerships or investments in ... underemployed workers ...”³⁷

²³ Friendly et al. Note that information is not available for unregulated/informal child care spaces, of which there are many tens of thousands in BC.

²⁴ Province of British Columbia, [New child-care spaces are on their way](#) (June 1, 2016).

²⁵ Friendly et al. [West Coast family information and referral fee survey](#), December 2014 child care monthly full time rates.

²⁶ For one child. Averaged between 2014 Vancouver fees for infants, toddlers and preschoolers, divided by 2014 median total family income (all census families, [CANSIM Table 111-0009](#)) for Vancouver: \$76,040.

²⁷ For one child. Averaged between annual Vancouver fees for infants, toddlers and preschoolers, divided by 2014 median total lone-parent income ([CANSIM Table 111-0009](#)) for Vancouver: \$42,870.

²⁸ Province of BC, B.C. [Early Childhood Tax Benefit](#) (April 1, 2015).

²⁹ To calculate what child and family benefits you may be eligible for, see Canada Revenue Agency's *Child and Family Benefits Calculator* <http://www.cra-arc.gc.ca/bnfts/clcltr/cfbc-eng.html>.

³⁰ The White House, [The Economics of Early Childhood Investments](#) (2014).

³¹ Kershaw et al. *15 by 15* (2009).

³² TD Economics, [Early Childhood Education has Widespread and Long Lasting Benefits](#) (2012).

³³ OECD, [Babies and Bosses: Reconciling Work and Family Life](#), Volume 4 (2005).

³⁴ Pierre Fortin, Luc Godbout and Suzie St-Cerny. University of Sherbrooke. [Impact of Quebec's Universal Low-Fee Childcare Program on Female Labour Force Participation, Domestic Income, and Government Budgets](#). (2012).

³⁵ TD Economics (2012).

³⁶ *Ibid.*

³⁷ Deloitte, [The Future Belongs to the Bold](#) (2016).

Especially in a tight labour market, businesses that offer on-site day care with qualified providers can gain a competitive edge. On-site daycare enables flexible pick-up/drop-off times, work day visits, and community-building within the company.

Providing more on-site accessible, quality child care solutions would support the retention of female talent during the child rearing years and is one pathway for creating a more productive economy. See #5 below for examples of BC companies who are leading the way in this domain.

FURTHER OBSERVATIONS

1. There is room for more research on other jurisdictions that meet the OECD target spend of 1% GDP on child care and the models these countries use, in order to help to inform a future made-in-BC child care framework.
2. BC taxpayers already cover the cost of Kindergarten to Grade 12 public education. Moving all

early childhood education and child care services to the Ministry of Education would eliminate the false divide between early childhood education and care and K-12 education, and also help to streamline programming. Under the current set-up, three Ministries share responsibilities for BC's childhood education and care services, leading to inefficiencies and complexities within the public system. The Ministry of Education has Kindergarten, StrongStart BC and the *Ready, Set, Learn* program. The Ministry of Health handles child care licensing, with monitoring carried out by local health authorities. Lastly, the Ministry of Children and Family Development oversees child care policy and programs.

3. Within Canada, Quebec's experience with child care has attracted interest and may offer some relevant lessons for other provinces. Quebec initially established a universal, \$7 per day program. Recently, it moved to a sliding fee schedule that reflects family income.³⁸ There is evidence that Quebec's program has contributed to higher labour force participation by women.³⁹ ^{40, 41, 42} However, Quebec's adoption of a universal, public

model has been quite costly from a taxpayer perspective. Jurisdictions looking to improve and expand child care capacity in a way that is less burdensome to the public treasury may wish to consider a mix of approaches.

4. A misalignment between traditional work hours and the hours of school and child care facilities remains a major barrier to maternal labour force participation. BC could explore the idea of changing school hours to align with work hours, or extend before and after-school care.⁴³
5. Especially in a tight labour market, businesses that offer on-site day care with qualified providers can gain a competitive edge. On-site daycare enables flexible pick-up/drop-off times, work day visits, and community-building within the company. Leading employers who are active in this area include Vancouver International Airport,⁴⁴ SFU,⁴⁵ UNBC,⁴⁶ UBC,⁴⁷ Douglas College,⁴⁸ and Vancity.⁴⁹ Ledcor has also taken a collaborative approach to child care, teaming up with other companies in The Shaw Tower Children's Centre to provide licenced daycare in the office tower.⁵⁰

³⁸ Finance Quebec, [Daily Daycare Costs](#) (updated April 22, 2016).

³⁹ Pierre Lefebvre and Phillip Merrigan. "Child-Care Policy and the Labour Supply of Mothers with Young Children: A Natural Experiment from Canada." *Journal of Labour Economics*, vol. 26 (2008).

⁴⁰ Michael Baker, Jonathan Gruber and Kevin Milligan. [Universal childcare, maternal labour supply and family well-being](#) (working paper). NBER (2005).

⁴¹ T Michael Baker, Johnathan Gruber and Kevin Milligan. [What Can We Learn from Quebec's Universal Childcare Program?](#) C.D. Howe Institute e-brief. (2006).

⁴² Michael Baker, Jonathan Gruber and Kevin Milligan. [Universal childcare, maternal labour supply and family well-being](#). NBER (2008).

⁴³ <http://www.nea.org/tools/17057.htm>.

⁴⁴ <http://content.eluta.ca/top-employer-vancouver-airport>.

⁴⁵ <http://content.eluta.ca/top-employer-simon-fraser>.

⁴⁶ <http://content.eluta.ca/top-employer-unbc>.

⁴⁷ <http://www.childcare.ubc.ca/>.

⁴⁸ <http://www.canadastop100.com/bc/bc2016.pdf>.

⁴⁹ <https://www.vancity.com/AboutVancity/InvestingInCommunities/StoriesOfImpact/Social/BuddingChildren/>.

⁵⁰ http://www.vsocc.org/vsocc_locations_shawtower.html.

6. Flexible work arrangements (i.e., flexible working hours outside of 9 a.m. – 5 p.m. and options to work from home) are also an important part of the employer tool kit. BC employers that have moved in this direction include TELUS,⁵¹ PwC Management Services⁵² and Mountain Equipment Co-op.⁵³

CONCLUSION

Focusing on ways to support “Ms. Opportunity”— instead of missed opportunity —through the provision of accessible child care can stimulate the economy and increase the size of the workforce at a time when demographic trends will be weighing on the overall labour supply. Offering flexible working arrangements and innovative child care solutions would enhance workers’ ability to engage in paid work and support economic growth and ongoing skills upgrading.

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Celebrating its 50th year as the preeminent business organization in the province, the Council has a strong history of providing relevant public policy research and advice on issues to enhance BC’s competitiveness. Since its inception with founding Chair, JE Richardson, then CEO of BC Telephone Company, the Council has been fortunate to have as members major employers from across all sectors in BC’s economy who have played meaningful roles in building British Columbia.

Today, the Council is a source for insight on the BC and Canadian economies and how international trends and domestic policies are impacting our ability to compete in a global economy. Priority areas of focus include: environmental sustainability policies, economic reconciliation with First Nations, innovation, building a competitive tax and regulatory regime, supporting trade and market access, and the development and attraction of a deep and diverse talent pool.

⁵¹ <http://content.eluta.ca/top-employer-telus>.

⁵² <http://pwc.typepad.com/pwconnect/2011/12/flexible-working-conditions-are-part-of-pwcs-culture.html>.

⁵³ <http://content.eluta.ca/top-employer-mec>.