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TRADE TENSIONS COULD MEAN FEWER CARE SPACES AND HIGHER COSTS

For Immediate Release

September 17, 2026—While child care waitlists have been the focus of recent media reports, [a new pre-budget brief](#) submitted to the federal government by the Association of Day Care Operators of Ontario (ADCO) cautions that the current Canada/US tariff dispute could make the situation worse. The brief notes that the combination of a sluggish economy coupled with trade tensions could mean fewer child care spaces and higher child care costs.

The brief cites a 2022 study published by the [Journal of Labour Economics](#) which found that a 1% increase in unemployment is associated with a 2 to 3% decrease in child care employment and a 1% reduction in the number of child care facilities. The study also suggests that the child care sector as a whole tends to be more reactive to economic downturns and slower to recover than many other sectors of the economy.

“New US tariffs on certain goods could result in higher unemployment rates in Canada, resulting in some families pulling their children out of licensed care in order to save money,” says Andrea Hannen, ADCO’s executive director. “Despite lengthy waiting lists, it isn’t necessarily easy or fast for child care centres to enroll enough new families to replace those they’ve lost. It puts a lot of financial pressure on the centre.” At the same time, Canada’s system of retaliatory tariffs is expected to drive up the cost of many of the items child care centres use in their day-to-day operations. “Finding comparably priced Canadian or international alternatives isn’t always possible,” says Hannen.

“Canada’s tariff policy will also make it more difficult and expensive for existing child care centres to expand and for new centres to open,” she adds. “When tariffs push the cost of building materials and furnishings up, investments in child care expansion don’t go as far. Ultimately, fewer spaces will be created and parent fees could go up.”

[ADCO’s pre-budget brief](#) proposes that the federal government take a number of steps to better support families and child care centres during this time of economic uncertainty. They include:

- Fund provinces and territories to implement a short-term tariff cost relief program encompassing all licensed child care centres.
- Implement a short-term child care fee replacement program for parents impacted by tariff-related lay-offs.
- Undertake an open, transparent and public consultation to guide reforms to the federal government’s Canada-Wide Early Learning and Child Care program.

“It’s important that all levels of government consider how other types of policy decisions may impact the child care sector,” says Hannen. “Ultimately, it’s far easier and far less expensive to protect the child care centres and spaces we already have than it is to try and replace them later on. Whether or not they’re part of the federal child care program, all licensed centres deliver stability for children and peace of mind for parents, both of which are vitally important during times of economic challenge.”

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Established in 1981, ADCO is the industry association for Ontario’s independent licensed child care centres, both commercial and not-for-profit. Independent licensed child care centres are those that are not run by public sector entities such as municipalities or school boards, or by large multi-service agencies such as YMCAs. Most are small businesses, owned and operated by women. For further information, please contact: the Association of Day Care Operators of Ontario (ADCO) at admin@adco-o.on.ca or Andrea Hannen at 1-877-685-4288, ext. 1.