



Highlights of Brief to the Clerk of the Standing Committee on Finance Pre-Budget Consultations August 10th 2011

Introduction

The Child Care Advocacy Association of Canada (CCAAC) has identified ways and means to ensure that Canadian families have access to the early learning and care supports and services that they need, and strategies for the country to emerge from the ongoing, worldwide financial challenges with a strong social and economic foundation. As the chronic need for child care services continues to grow, the evidence demonstrating the importance of public policy development and investment and our resulting recommendations remain substantially unchanged from previous years.

Our 2011 budget submission to the House of Commons Standing Committee on Finance was excerpted from the Early Childhood Education and Care chapter in the Canadian Centre for Policy Alternative's 2011 [Alternative Federal Budget \(AFB\)](#), *Rethink, Rebuild, Renew* (page 42, Section 1, "Securing our Common Wealth"). This chapter, included below, addresses specific questions. The first is how to achieve a sustained economic recovery in Canada, secondly how to create quality sustainable jobs, thirdly how to ensure relatively low rates of taxation, and lastly how to achieve a balanced budget.

The following is the Early Childhood Education and Care chapter in the Canadian Centre for Policy Alternative's 2011 Alternative Federal Budget (AFB).

Canadians have good reason to be concerned about the future of their well-established health and public education systems. For many, there is an uneasy sense that years of tax cuts have lessened our collective ability to publicly fund high-quality and equitable access for all. The evidence suggests that Canadians question the unrelenting push to bring market-oriented, often profit-making approaches to public services whose very foundations rest on values of sharing, caring, and equality.

But are concerns about the dangers of privatization real? After all, health and public education systems still exist. To answer this question, one need look no further than child care¹ — Canada's poster child for market failure and inadequate public investment in the common good. Rather than merely strengthening child care — as is necessary with our health and public education systems — we actually need to *build* a system of early childhood education and care in Canada.

Canada's Market-Based Child Care

Child care services in Canada are marketized, having always relied on the private sector (both for-profit and non-profit) to develop, finance, and operate programs for young children, with parents paying most of the costs even for regulated child care.

The result? Child care in Canada² demonstrates triple market failure, with:

- **High parent fees:** Data from British Columbia shows that child care is the second-highest cost to families, next to housing.⁹ This is true across Canada as well: many young families pay more in child care fees than other families pay for their children's university tuition.
- **Low staff wages:** Compensation for staff trained in early childhood education is a key indicator of the high quality that is important for child development. However, Canada's training requirements for early childhood educators fall short of the average standards across OECD countries. Furthermore, the predominantly female child care service sector remains one of the lowest-paid in Canada. More than half of Canada's trained early childhood educators do not work in child care.¹⁴ The resulting recruitment and retention crisis across the country compromises the quality of our children's care.
- **Unmet demand:** While more than 70% of mothers of young children are in the paid labour force, only about 20% of children 0–5 years old have access to a regulated child care space (ECEC in Canada 2008, Tables 6 and 9).¹⁰ Yet in 2007 and 2008, the number of regulated child care spaces in Canada grew by only 3% annually, about one-third of the growth rate earlier in the decade.³ High fees, low wages, and unmet demand should be a wake-up call to governments about the fundamental inequality of their longstanding market-based approach to child care services. The evidence-based response should be a publicly managed and publicly funded system that blends early childhood education and child care, and prioritizes equality in both access and service provision.

Most Canadians agree. A series of recent polls shows that at least three-quarters of Canadians support a national child care program, considering the lack of affordable child care to be a serious problem.¹²

Fortunately, the solution is clear and powerful: a consistent body of evidence shows that building a public system of early childhood education and care is not just the right thing to do for parents and children, but the smart thing to do for Canada's economy. The extensive analysis conducted for the Child Care Human Resources Sector Council (CCHRSC) by leading economist Robert Fairholm of the Centre for Spatial Economics highlights these findings:

- **Child care grows the economy:** Every dollar invested in child care programs increases GDP by \$2.30 — one of the strongest levels of short-term economic stimulus of all sectors and far ahead of construction and manufacturing
- **Child care creates jobs:** Investing \$1 million in the child care sector generates almost 40 jobs — at least 40% higher than the next closest industry, and four times the number of jobs generated by investing \$1 million in construction activity
- **Child care more than pays for itself:** Even in the short term, more than 90% of the cost of hiring child care workers returns to governments as increased revenue, and the federal

Although the benefits of public system-building are clear, and the failures of market-based ECEC are in plain sight across the country, it is disturbing to observe that for-profit child care is growing in Canada, increasing from about 20% of total spaces in 2004 to 25% in 2008.¹¹ The umbrella term ‘for-profit child care’ includes small, individually owned centres and a growing number of child care chains. And in 2010, Canada’s first publicly listed Big Box child care chain began purchasing centres in Alberta, stating its intentions for substantial growth in other provinces.⁴

Countries such as Australia, the United Kingdom and the United States, which are dominated by for-profit programs, including Big Box chains, provide the following lessons for Canada if it continues to ignore this threat:

- Growth in spaces will be offset by closures, particularly of small, for-profit and nonprofit operators.
- Growth will be least likely to occur in less ‘profitable’ areas and for less ‘profitable’ children (for example, rural or isolated communities, children with disabilities, and infants and toddlers).
- Because of their high fixed costs (staff, facilities, etc.), child care chains will not be any more financially viable than existing programs.
- Governments will be lobbied to promote profitability by relaxing quality standards and/or increasing public funding.
- Overall quality — so important for children — will decline, as the research literature shows finitively that the forprofit sector generally provides poorer quality (Childcare Resource and Rsearch Unit, 2010).

In other words, public funds will support private profits rather than the public goals of quality, affordability, and access.

In its review of the evidence on indicators of “best practices” in early childhood education and care, UNICEF observed that:

Some private providers are tempted to reduce less visible costs such as training, pay, and conditions of work. And staff turnover in for-profit services tends to be higher (a factor which, from the child’s point of view, translates into instability of care)...poor quality early childhood education and care is not a product that can be returned, repaired, exchanged, or refunded. It may take years for the lack of quality to show its effects; the cause may never become apparent; and the consequences are likely to fall not only on the child but on society as a whole... what is offered by private providers of child care is not a consumer product but a child’s once in-a-lifetime opportunity to pass successfully through critical stages of cognitive, emotional, and social development. As UNICEF has argued for many decades and in many contexts, the child’s name is ‘today’.⁵

Moving Towards More Public Early Childhood Education and Care

On the other hand, it is encouraging to note the recent and growing provincial/territorial interest (among governments, families, advocates, experts, etc.) in using public education systems to deliver ECEC services. Most countries that have implemented effective systems have done so through education rather than social services ministries, as many have moved to integrate the traditional separation between early education programs in public schools and child care in community settings. The principles of public education systems across Canada — universal entitlement to programs provided by reasonably paid and well trained staff, with democratic governance — are consistent with the evidence-based principles recommended for child care.

However, as ECEC researchers Kaga, Moss and Bennett conclude:

Simply moving administrative responsibility for [ECEC] into education is not enough: it is a starting point for reform. Great attention has to be paid to the subsequent process, including strong re-thinking to complement deep restructuring.... Integration requires rethinking of concepts and understandings and re-structuring, covering a range of areas including access, regulation, funding, and workforce (UNESCO: 122).

The fact that, to date, the full working-day needs of families have not been part of the mandate of Canadian education systems provides an example of the restructuring required through this process. Furthermore, the public education field in Canada has not yet adjusted conventional conceptions about how young children learn to ensure that “schoolification” (that is, age-inappropriate focus on more academic content and approaches to learning) of ECEC is avoided.

Finally, the implications for child care services and early childhood educators of a move towards public education have yet to be fully assessed and discussed. In building a new, publicly funded system of education and care for young children, one would hope for a process and a solution that respects and includes those who are keen to participate in advancing a quality, universal, democratically controlled system.

The Organisation for Economic Cooperation and Development (OECD), in calling for “A strong and equal partnership” between child care and education, captures the spirit of this discussion (OECD, 2001).

The Absence of the Federal Government

A key barrier to advancing a system of early childhood education and care in Canada is the federal government’s absence from the table. In the past, federal governments have promised more than they’ve delivered on child care, but the current federal government has gone one step further by abandoning all responsibility for the file. In this instance, doing nothing is a policy decision — and a poor one. The federal government’s lack of leadership on child care is limiting provincial/territorial progress today and restricting our ability to act in the future.

Interestingly, there is a growing awareness of problems created by over-reliance on a market-based approach that is not balanced by government intervention to achieve equitable access to quality services. Even before the recent recession, the public discourse acknowledged the need for

government involvement in addressing issues like climate change. In the end, this awareness may enhance opportunities to develop a publicly funded and managed system of early childhood education and care, or it may encourage market advocates to seek new ways to make private profits from this public good.

“We would but we can’t afford it” was the excuse for inaction on child care prior to 2000. Then, as federal and provincial surpluses began to mount annually — reaching a dizzying \$30 billion combined in 2007⁴ — a small but increasing federal commitment to child care funding finally emerged. However, at the height of Canada’s economic success, the current federal government terminated Canada’s sole significant national child care initiative. As a result, federal transfers in 2007–08 were reduced by 37% from 2006, and by 61% from the previous government’s commitment for 2009.⁶ Canada’s public spending on ECEC programs is only 0.25% of GDP — about one-third the OECD average (0.7%) and far short of the international minimum benchmark of 1% of GDP.⁷

Having squandered the opportunity to share the economic good times with children, women, and families, Canada entered the recent recession with deep poverty and inequality, and exacerbated the problem by ignoring the opportunity to reap the social and economic benefits of stimulus spending on child care.

In the meantime, other developed countries continue to sprint down the early childhood education and care track, leaving Canada far behind. The legacy of Canada’s continued reliance on a market-based approach is reflected in international comparisons of family support in general, and early childhood education and care in particular, which consistently give Canada a shameful review. Most recently, UNICEF ranked Canada in a tie for last out of 25 developed countries in terms of meeting minimum benchmarks for early childhood education and care, along with other family policy benchmarks related to parental leave and child poverty.⁵

Conclusion and Recommendations

There is compelling evidence that the right kind of public investment in early childhood education and care — with its multiple benefits to multiple groups — offers among the highest benefits available from policy strategies that nations can adopt. Economic studies have repeatedly shown that well-designed public spending promotes health, advances women’s equality, addresses child and family poverty, deepens social inclusion, and grows the economy.

But wishful thinking and a market-based approach won’t make it happen. The federal government must move to accountability for results by beginning to build a system of high- quality, affordable, inclusive, and publicly owned early childhood education and care services across Canada, with equitable access for all children and families.

To protect and promote the public interest, the AFB provides leadership and significant funding support to provinces and territories that commit to building public systems of early childhood education and care. The goal of the AFB’s early childhood education program is to reach 1% of GDP by 2020, starting this year with a \$1-billion investment that escalates over the next 10 years.

The AFB will establish a policy framework to guide collaboration with provinces and territories, providing federal funds to those that are accountable for:

1. **Public plans** (including legislated universal entitlement, targets, and timetables) for developing comprehensive and integrated systems of ECEC services that meet the care and early education needs of both children and parents
2. **Public expansion** through publicly delivered ECEC services (including integration of existing community-based services into publicly managed systems).
3. **Public funding** delivered to ECEC systems, not to individual parents, designed to create and maintain high-quality, accessible services
4. **Public monitoring** and reporting in the legislatures (federal, provincial/ territorial) on the quality of, and access to, the early childhood education and care system.

Within these broad recommendations, the AFB acknowledges the right of Canada's First Nations and Aboriginal peoples to design, deliver, and govern their own early care and learning services. It also respects Quebec's right to develop social programs and applauds the leadership Quebec has shown in initiating its child care system. However, it is clear that additional federal funding is required to further advance Quebec's system, so the AFB encourages the federal government to work with Quebec to achieve the province's goals for child care.

In Summary

Canada has all the resources and motivation it needs to build the early childhood education and care system that families want and need. On the one hand, families face an everyday crisis as they struggle to patch together child care arrangements from extremely limited, frequently high-cost options of varying quality. On the other hand, overwhelming research proves the multiple benefits of a comprehensive and integrated approach to early childhood education and care — benefits that can only be realized if the government ensures that services are high quality and accessible.

Federal leadership on early childhood and care is the last remaining barrier to achieving significant progress.

Notes

¹ This chapter incorporates excerpts from various publications of the Child Care Advocacy Association of Canada and draws extensively from the article "The Fight for a Publicly-Funded Child Care System in Canada" by J. Dallaire and L. Anderson, in the CCPA's Spring 2009 issue of *Our Schools Our Selves* "Beyond Child's Play: Caring for and Educating young children in Canada". V. 18 N.3 (#95). It also draws on various publications of the Childcare Resource and Research Unit as well as on M. Friendly and S. Prentice's book "About Canada: Childcare", published In 2009 by Fernwood Publishing.

² Child Care Human Resources Sector Council (CCHRSC). (2009) Literature review of socioeconomic effects and net benefits: Understanding and addressing workforce shortages in early childhood education and care (ECEC) project. Ottawa. CCHRSC. See <http://www.cpsc-cssge.ca/english/aboutus/completed.cfm#p5> for full report.

- 4 Calculated from Canada. Department of Finance. (2008) Fiscal Reference Tables. Ottawa. http://www.fin.gc.ca/toc/2008/frt08_-eng.asp
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- 7 http://www.universalchildcare.ca/eng/faq/index.shtml#support_families
- 8 Parent fees in Manitoba are the second lowest in the country, after Quebec. Three provinces set maximum parent fees: Quebec, Manitoba and PEI.
- 9 Richards, Tim et al. (2008). Working for a Living Wage: Making Paid Work Meet Basic Family Needs in Vancouver and Victoria. Vancouver, CCPA p.3. http://www.policyalternatives.ca/sites/default/files/uploads/publications/BC_Office_Pubs/bc_2008/ccpa_bc_living_wage_2008_summary.pdf
- 10 Beach, J., Friendly, M., Ferns., C., Prabhu, N., and Forer, B. (2009) Early childhood education and care in Canada 2008. Toronto. CRRU. Calculated from http://www.childcarecanada.org/ECEC2008/tables_long/TABLE22_ECEC08_LONG_VIEW.pdf
- 11 Ibid.
- 12 http://www.ccaac.ca/pdf/resources/Reports/Poll_Fact_Sheet.pdf
- 13 Pascal, Charles, E. (2009) "With Our Best Future in Mind: Implementing Early Learning in Ontario". Toronto. see http://www.ontario.ca/en/initiatives/early_learning/ONT06_018865
- 14 http://www.childcarecanada.org/ECEC2008/tables_big/TABLE6_ECEC08.pdf
- 15 While child care fees remain modest in Quebec, non-profit expansion has slowed in recent years and additional attention to consistent quality in programming is required.

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