



**Child Care Advocacy Association of Canada** **L'Association canadienne pour la promotion des services de garde à l'enfance**



**Brief to the Clerk of the Standing Committee on Finance  
Pre-Budget Consultations  
August 10<sup>th</sup> 2011**

**Introduction**

The Child Care Advocacy Association of Canada (CCAAC) has identified ways and means to ensure that Canadian families continue to have access to the early learning supports and services that they need, and strategies for the government to emerge with a strong social and economic foundation. Canada is the one of the latest countries to be impacted by the world economic crisis, and the not-for-profit sector in Canada is not immune from its rapid impact. The Economic Advisory Council to the Prime Minister describes the current economic crises as unique – with six global financial sectors destabilized, where only one or two would cause a normal downturn. Traditional sources of stable funding for the not for profit sector (community foundations, municipalities, businesses, etc.) are in crisis themselves. The Child Care Advocacy Association of Canada has consistently identified ways and means to ensure that Canadian families continue to have access to the early learning supports and services that they need, and we continue to provide strategies for the government to emerge from this crisis within a strengthen and stronger child care sector. Plus as the chronic need for early care and learning continues, the evidence demonstrating the importance of public policy development and investment and our recommendations remain substantially unchanged. Therefore on behalf of the Child Care Advocacy Association of Canada we submit for your consideration the CCAAC's contribution to the Canadian Centre for Policy Alternative's 2011 Alternative Federal Budget (AFB) <http://policyalternatives.ca/afb2011>. Rethink, Rebuild, Renew, page 42, Section 1, "Securing our Common Wealth".

**Who is the CCAAC?**

The Child Care Advocacy Association of Canada (CCAAC) promotes quality, inclusive, publicly funded, non-profit child care services accessible to all. The association's membership has a direct connection to more than four million Canadians, including parents, caregivers, researchers and students as well as women's, anti-poverty, labour, social justice, disability and rural organizations.

**Overview**

The CCAAC's budget submission to the House of Commons Standing Committee on Finance 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. It is for good reason that Canadians are concerned about the future of our 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.

Canada is a 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 plan, finance and operate programs for young children, with parents paying most of the costs even for regulated child care.

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

- **High parent fees:** BC data shows that child care is the second highest cost to families, next to housing.<sup>9</sup> This is true across Canada as well: many young families are paying more in child care fees than other families are paying 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 (The resulting recruitment and retention crisis across the country compromises the quality of our children's care.
- **Unmet demand:** While about 75% of mothers of young children are in the paid labour force<sup>14</sup>, only about 20% of 0-5 year olds have access to a regulated child care space.<sup>10</sup> 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.

High fees, low wages and unmet demand — these conditions 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 funded system that blends early childhood education and child care, and that 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.

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.

- *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 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 goes back to governments as increased revenue, and the federal government gains the most. Over the long term, every public dollar invested in quality child care programs returns \$2.54 in benefits to society.

Although the benefits of public system-building are clear, and the failures of market-based approaches to 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. 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 operators
- Growth will be least likely to occur in less 'profitable' areas and for less 'profitable' children (for example, rural or isolated communities and children with disabilities, , infants and toddlers)
- Because of the 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. In other words, public funds will support private profits rather than the public goals of quality, affordability and access.

### **Moving towards more public early childhood education and care**

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.

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" 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 absence of the federal government**

Today the biggest barrier to advancing a system of early childhood education and care in Canada is the federal government's absence from the table. While in the past, federal governments have promised more than they've delivered on child care, 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 from our point of view, it's a bad 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 now 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

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 2007—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. Thus, federal transfers in 2007–08 were reduced by 37% from 2006 and by 61% from the previous government's commitment for 2009. As a result, Canada's public spending on ECEC programs is only 0.25% of GDP – about one third of the OECD average (0.7%) and far short of the international minimum benchmark of 1% of GDP.

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

## **Conclusion and Recommendations**

Again, on behalf of the Child Care Advocacy Association of Canada, and quoting our 2011 contribution to the Canadian Centre for Policy Alternatives, page 42, Section 1, *Securing our Common Wealth*, we reiterate that 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.

**In order to protect and promote the public interest, the federal government should provide leadership and significant funding support to provinces and territories that commit to building public systems of early childhood education and care. The federal government should 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 and 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, CCAAC acknowledges the right of Canada's First Nations and Aboriginal peoples to design, deliver, and govern their own early care and learning services. We also respect Quebec's right to develop social programs and applaud the leadership Quebec has shown in initiating its child care system. However, it is clear that additional federal funding is required in order to further advance Quebec's system, so CCAAC encourages the federal government to work with Quebec to achieve the province's

goals for child care.

In countries that have adopted these kinds of strategies as a key component of family policy, early childhood education and care services are an expected and planned part of communities. Like schools, libraries, and recreation centres, early childhood education and care services are available, accessible, and affordable to all who choose to use them. Children's healthy development and parent's work/life balance are well-supported, the current and future labour force is enhanced, and the economic returns on public investment are promptly realized.

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, we have the everyday crisis that families face as they struggle to patch together child care arrangements from extremely limited, frequently high-cost options of varying quality. Conversely, we have overwhelming research proving the multiple benefits of a comprehensive and integrated approach to early childhood education and care — benefits that can only be realized if we ensure that services are high quality and accessible.

We have models to support the development of plans with timelines, targets, and key system indicators for achieving accountability for results. We have all of Canada's opposition parties agreeing on the importance of early childhood education and care services, and many provinces are anxious to move forward. And, not surprisingly, given all of the above, we have polls that repeatedly show Canadians want greater public investment in these services.

In fact, there is very little stated opposition to early childhood education and care that is not based on harmful myths or wishful thinking that continuing the status quo approach to child care services will somehow address the crisis — despite the overwhelming evidence and thirty years of experience to the contrary.

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

**Thank you for the opportunity to address this issue**  
**The Board of Directors of the Child Care Advocacy Association of Canada**