



backgrounder

Child Care in Canada

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BACKGROUNDER

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BACKGROUND

CHILD CARE IN CANADA

I. Current Reality

a) Child Poverty

For most child care activists in Canada, the education and caring of young children has been an ongoing problem for at least 20 years. The year 2004 marked the anniversary of a sad event. Fifteen years ago, the Parliament of Canada committed itself to eradicating child poverty in the country by the new millennium. Today, at the beginning of 2005, there are 1,065,000 children living in poverty. This represents one child in six. Canada's record on child poverty is worse than it was in 1989.

This situation has been monitored by Campaign 2000, a cross-Canada public education movement dedicated to raising awareness about child poverty. The group has extensively studied the systemic problem and the structural solutions necessary in breaking the cycle of child poverty.

As well, their analysis refers to the Organization of Economic Co-operation and Development (OECD) research. The OECD Directorate for Education has a mandate to rate its members on Early Childhood Education and Care Policy. The results are compiled in a "Country Note". In 2003, the OECD visited some Canadian provinces and made an intensive review on early childhood policies and services in Canada. Compared to most OECD countries, Canada fared rather poorly.

Campaign 2000's report *Pathways to Progress* identifies an important link between child poverty and a lack of affordable, high quality child care:

While early childhood education and care (ECEC) is not primarily an anti-poverty program, it is a critical element in a comprehensive strategy to address child poverty and support economically vulnerable families. ECEC enables mothers to be employed or in a training program and the developmental benefits help mediate some of the negative effects of poverty.¹

¹ Campaign 2000 Policy Perspectives (May 2004), *Pathways to Progress: Structural Solutions to Address Child Poverty*, Toronto: Campaign 2000 [hereinafter *Pathways to Progress*] p. 36

In the midst of these reports and results, activists in the child care community have been given a reason to be optimistic. The federal Liberal government's 2004 platform promised more funding to build a national child care program and legislation enshrining four founding principles: Quality, Universality, Accessibility, and Developmental. After Campaign 2000's 2004 Report Card on Child Poverty came out, the Liberal's platform gained further relevance. If the Liberal government honours its commitment, this would be one opportunity to address two major social issues.

Therefore, with child care as a top priority for this government, we can expect to see action. The various levels of government must address the essential issues surrounding child care and implement the many recommendations that have been given this far. Indeed, the four principles referred to in the Liberal platform are not only imperative for a national child care program, they are at this time, terribly deficient.

b) Delivery of Services

A majority of Canadians support a national child care program. A December 2004 public opinion poll conducted by Vector Research and Development on behalf of the National Union of Public and General Employees (NUPGE) indicates that a federally-paid national child care program is popular across the country. Seventy-four per cent of Canadians favour federal child care spending for a national child care program at a cost of \$1 billion per year.

In the same poll, 47 per cent of Canadian parents reported finding it difficult to find high quality, affordable child care. Hence Canadians are facing challenges when it comes to child care and they believe it is time their government acted upon it.²

In fact, Campaign 2000's *Pathways to Progress* states that Canadian ECEC is characterized by two main policy problems – (1) public policy at both national and provincial/territorial levels is incoherent and poorly developed; and (2) public financing for ECEC is severely inadequate:

Current public spending on ECEC programs totals more than \$4 billion, but the effectiveness of this expenditure is reduced by the absence of coherent policy. These two issues go hand-in-hand and are directly linked to the key delivery issues – poor access to needed programs and mediocre program quality.³

² National NUPGE Poll: 74% support federal child care spending
<http://www.nupoe.ca/news2005/n25ia05a.htm> [hereinafter NUPGE Poll]

³ *Pathways to Progress* (May 2004), p.36

Existing programs are also lacking in quality, which affects the developmental component:

While the quality of child care is directly and strongly linked to the program's impact on child development, research shows that the quality of Canadian child care is generally not high enough to be termed "developmental". (...) Studies of observed quality show that quality is often poor or mediocre. Indicators of quality such as staff training in early childhood education, wages and turnover are consistent with this.⁴

Quality of child care is also directly linked to the provider of services. "Most early childhood experts argue today that the quality of care purchased in free markets is generally inadequate and, in many cases, dangerous to children's development and future productivity."⁵

Furthermore, a recent legal opinion concluded that globalization and foreign investment may also have a negative impact on the implementation of a national child care program. This all the more reinforces the need for a non-profit and publicly funded system. The opinion states that:

In many ways, the trade liberalization objectives of NAFTA and the WTO are fundamentally incompatible with policies that seek to limit market forces in order to achieve societal goals, such as the provision of universal, accessible, high quality and publicly funded ECEC.⁶

Indeed, international trade agreements may influence a child care program because the North American Free Trade Agreement (NAFTA) and the World Trade Organization's General Agreement on Trade in Services (GATS) both apply to public services and social programs. These agreements give corporations unprecedented power to directly challenge policies, programs and laws they see getting in the way of their ability to make a profit.⁷ Canada has reserved the right to expand social programs or establish new ones, as long as they are "services established or maintained for a public purpose". Should the federal government allow for-profit child care, the trade agreements would deny governments the right to prevent foreign child care companies from acquiring a dominant position in the child care section.

⁴ Ibid., p.37

⁵ OECD Directorate for Education (2003), *Early Childhood Education and Care Policy: Canada Country Note*

⁶ *Establishing a National System of Early Learning and Child Care in Light of Canada's Obligations under NAFTA and WTO, 2004*

⁷ *Building pan-Canadian child care in the shadow of international trade rules, Q&A, CUPE*

NAFTA rules would also mean that governments could not require the boards of directors of child care centres to be comprised of parents or community members. The GATS could also curb governments' ability to specify qualifications for child care workers, or the licensing requirements for child care institutions (...). The ability of governments to create and maintain standards in the child care sector would be severely limited.⁸

These warning signs are not fictitious as experts and child care activists have already witnessed the consequences of corporate and commercial child care in jurisdictions such as the United States and Australia.

Child care has become big business in Australia ever since the government decided to invest heavily in child care and give commercial operators access to public money. The millionaire Eddy Groves controls over 900 ABC Learning Centres in Australia and New Zealand, each making an annual profit of about \$100,000.⁹ The ABC stock is continually increasing with the government dedicating \$1.7 billion a year to child care.

Experts worry because corporate centres have a different philosophy towards child care and owners have obligations only to shareholders. Anecdotal evidence shows that corporate centres are more likely to stick to the bare minimum when it comes to staff qualifications.

Furthermore, stiff competition causes centres to reduce operating costs. The corporate child care sector also strongly opposes increased staff wages, stiffer regulations and higher staff ratios, all variables that affect quality. Eddy Groves is also a Canadian citizen and would consider setting up shop in Canada if federal money is made available to commercial providers. Should this happen, it is arguably the case that the Australian experience would repeat itself in Canada.

c) The Workforce

The implications of a unionized workforce are well known. Unionized workers benefit from higher wages, benefits and pensions, greater job security and training opportunities, better working conditions and protection from discriminatory treatment.

Unfortunately, outside of Quebec, most of the child care workforce is non-unionized. There is obviously a great need for unionization in the child care sector as more than 96 per cent of early childhood educators (ECE) are women

⁸ Ibid.

⁹ *Canadian mines 'big box' daycare; Made fortune in Aussie child care; Ottawa deal may spur for-profit child care deal awaited; Australian system alarms experts*, The Toronto Star, Feb. 5, 2005

and the earned income in this sector is half of the national average for all occupations. Studies show that women working in non-unionized sectors bear the greatest burden of the growing trend towards poorly paid, part-time, contingent work.

As well, poor wages are driving child care workers away from the profession. Two years after graduating, only 55 per cent of ECE graduates are still working as ECE. The number drops to less than 43 per cent after five years. Child care workers may love their jobs, but they cannot afford to stay. In 2000, full-time ECE and assistants earned just over \$19,000 and this is despite the fact that ECE and assistants have more education than the general population.¹⁰ In general, the child care sector is still characterized by poor compensation relative to the skills and responsibilities required for the job.

Other factors affecting the non-unionized workforce include: difficult working conditions, high levels of job insecurity, limited career opportunities within the sector, health and safety concerns and an uncertain employment status. Many staff in child care centres have low levels of job satisfaction and, compared to other sectors, the staff turnover is high.

Attacking the problems the child care workforce faces is indispensable if the federal government is committed to offering high quality to Canadian children. The unionization of the workforce and higher recognition and respect for their work will have a direct impact on children's experiences because child care workers interact daily with children. According to the *Labour Market Update*, "Those in the workforce with post-secondary education, particularly if it is related to ECE, are more likely to provide high quality child care. As well, the quality of the work environment for child care staff and caregivers affects program quality."

Quality concerns are a major reason the sector is having difficulties attracting and retaining a qualified child care workforce, including capable supervisors. In fact, there is a shortage of trained early childhood educators in many parts of Canada.¹¹

d) Key Trends

The OECD has also noted key trends that will impact on ECEC:

- Canada has a declining birth rate; overall, child populations in Canada, particularly those under age 6, declined throughout the 1990s except in Aboriginal communities.

¹⁰ *Working for Change: Canada's Child Care Workforce*, Labour Market Update Study (2004), Ottawa: Child Care Human Resources Sector Council

¹¹ Ibid.

- The Aboriginal community has a birth rate much higher than the general population and Aboriginal families are migrating to urban areas; this will lead to a demand for Aboriginal ECEC services in large urban areas, and will highlight the need for non-Aboriginal services to respect children's Aboriginal culture in programming.
- There are a large number of immigrants with a high proportion coming from non-European countries; the majority of new immigrants settle in Canada's large urban areas; ECEC services are called upon to assist young immigrant children from very different cultures to adjust to Canada and learn English or French.
- There is high labour force participation by mothers with young children.
- There is an increase in the proportion of lone-parent families with young children.
- There are significant rates of child poverty.
- There is an increased incidence of non-traditional work hours.
- The government has implemented employment policies, particularly the recent parental leave extension.

II. Best Policy Options

We believe we need a national high quality affordable child care system to assist in the development of children's cognitive, language and academic skills, and also in their behavioural and social development.

However, these are long-term and intangible benefits. Hence, child care is considered to be a market failure by economists. This means that it does not have the proper economic characteristics to deliver desirable results in a competitive market. The "positive external benefits" are not obvious and "consumers" of child care may not accurately make the right purchasing decision. Government action and public funding can correct such market failures.

The potential benefits to a high quality affordable child care system are threefold. Despite costs associated to such a system, there are beneficial effects on children, mothers and families and society as a whole. For children, publicly funded high quality ECEC stimulates their development in the important early years; it ensures high quality non-parental child care and provides a more equal start in life for all children.

An ECEC program also provides assistance to young families when expenditures are high and incomes are low. It encourages mothers to maintain labour force attachment and continuity of job experience, take job promotions and work full time. A high quality affordable ECEC also promotes gender equality throughout society.

Finally, an educated workforce is essential both for economic growth and for the maintenance of a healthy democracy. These are benefits that spill over beyond the individual family to society as a whole. High quality affordable ECEC encourages social cohesion, good citizenship, integration of immigrant families and early screening of children with behavioural, social or cognitive difficulties. It also provides an early foundation for integration of children with disabilities.

In general, ECEC policies directed towards providing developmental and educational benefits to children, as well as reducing employment barriers for parents, have a greater ratio of benefits to costs. Government action will be appropriate if the benefits gained by government policy are greater than its costs.¹² Evidence shows that this is the case when governments choose to publicly fund high quality affordable ECEC.

III. Recommendations

In this context, NUPGE's position is to ensure that a child care program is publicly funded, truly national and unionized.

a) Federal Investment

Nationwide policies must be implemented, taking into account the extensive research on child care that already exists in the country. The provinces and territories need all the framework and resources that a federal government is able to give. Child care should be viewed as part of a broader social and economic agenda.

For the following reasons, a national ECEC program needs to be publicly funded by the federal government. Firstly, a single payer (i.e. governments) is the most efficient and effective mechanism to establish sufficient spaces for children at affordable rates in a high quality ECEC program. Secondly, the cost in public expenditures dedicated to ECEC is justified because a significant portion of the benefits are public as opposed to private. Finally, many parents need high quality

¹² Cleveland, Gordon and Michael Krashinsky (2004) *Financing ECEC Services in OECD Countries*, Scarborough: University of Toronto

ECEC for their children but many cannot afford it. We have a collective responsibility to provide opportunities for all parents and the best start for all children.

The federal Liberal government has committed to spending \$5 billion over five years to establish a national child care system. This is a good start but it is clearly not enough.

A quality ECEC program delivered by skilled early childhood educators to over a million children aged 2 to 5 in Canada is estimated at slightly over \$5 billion a year.¹³ According to the European Union, governments should spend up to one per cent of their Gross Domestic Product (GDP) on ECEC. One per cent of Canada's GDP represents \$12 billion.

It is important to note that these same studies conclude that the benefits of such a program easily offset the costs. For an annual cost of \$5 billion a year, the benefits are calculated at over \$10 billion per year. These benefits are to children from all social groups, to their parents and to society as a whole. The benefit comes back through increased tax revenues and decreased social, education and health costs.

Five billion dollars is also not enough because it is unacceptable to offer funding for a national child care program for only five years. What happens after year five of the program? The federal Liberal government must commit to a long-term, stable and predictable funding formula.

Of course, parents have a primary interest in the care of their own children, but there is also a public concern about what happens to children. Cleveland and Krashinsky explain that:

The reason why the "rest of us" should care about what happens to young children when their mothers and fathers are employed is that the outcome has significant implications for the welfare of all Canadians. By supplementing the dollars that parents can afford to spend on their children, we make those children and, by implication, their parents better off. But we also make all other Canadians better off, both because of the benefits to the country today when parents are employed and because of the benefits to the country in the future when children become adults, look for their own jobs and otherwise participate in the life of the nation.¹⁴

¹³ Cleveland and Krashinsky (March 1998) *Benefits and Costs of Good Child Care: The Economics Rationale for Public Investment in Young Children*, Scarborough: University of Toronto

¹⁴ Cleveland and Krashinsky (2003) *Fact and Fantasy: Eight Myths about Early Childhood Education and Care*, Scarborough: University of Toronto

Furthermore, Canadian parents have trouble finding high quality affordable child care.¹⁵ As demonstrated, it is an expensive service that cannot easily be sustained on a private family basis. It is also costly because of wage loss related to parental and maternity leaves, and long-term losses from the decline in job skills of mothers who are absent from the labour force for a number of years.

Some governments believe that since ECEC is expensive, it might be cheaper to pay women to stay at home to care for their own children. But to reduce the maternal employment rate by half of the current level would require an annual grant to families of \$15,000. This would not include loss of tax revenues, loss of productivity and loss of job skills. The true cost, again according to Cleveland and Krashinsky, would be close to five per cent of GDP. "The evidence seems to suggest that economies are stronger when they encourage mothers and fathers to maintain their attachments to employment, and formulate leave and ECEC policies with this in mind."¹⁶

b) Federal Legislation

Within the provinces, the municipalities are responsible for directly delivering child care services. Hence, a national program must guarantee sufficient and adequate funding to avoid direct or indirect municipal costs. Such costs could undermine a child care system and make it poorer by wasting funds.

The strength of a national program would encompass federal legislation to ensure provinces and territories are accountable for the money they spend. Presently nothing prevents provinces or territories from reducing their expenditures and replacing them with new federal dollars. This would result in little or no expansion of the system.

Hence, we believe that federal legislation enshrining the following six principles is essential to building a national ECEC in Canada: Quality, Accountability, Universality, Accessibility, Inclusiveness and Developmental.

Quality is inseparable from a not-for-profit and publicly-funded program. Quality ECEC also greatly depends on the working conditions of ECE.

Accountability means federal conditions and standards must be imposed on new federal funding for ECEC transferred to the provinces. The federal government should hold provincial governments accountable for how ECEC dollars are spent. But ECEC as a program must also be accountable to the children, the parents and the public.

¹⁵ NUPGE Poll

¹⁶ Cleveland and Krashinsky, 2003, note 11

Universality means a universal program will better guarantee proper standards across the country. "Canada needs a strong, universal system of early learning and child care (ELCC) as a cornerstone of its human development strategy (...)." ¹⁷ No matter what region, province or territory a child lives in, their parents should not have difficulty finding high quality and affordable ECEC.

Accessibility signifies that costs should not be a barrier to access. All children must benefit from high quality ECEC regardless of their parents' income.

Inclusiveness implies an ECEC program must be inclusive of children with disabilities and sensitive to Canada's diverse populations. All children must benefit from quality child care regardless of their abilities or backgrounds.

Developmental indicates that the quality of a program impacts on the educational and developmental characteristics of ECEC. Learning does not begin at the age of 6 and quality standards in ECEC must be such that Canadian children are intellectually stimulated.

Advocating for a national child care program is essential because it is a priceless investment with positive effects that will branch out and have implications on society's most pressing challenges. A national ECEC program with the six legislative principles will create quality jobs; it will support the workforce in general and women in particular, and will be part of a solution against child poverty. These solutions are interrelated and have further ramifications that will improve equality and the promotion of human rights in Canadian society.

c) Early Childhood Educators

The *Labour Market Update* demonstrates that changes in demographics, social features and child care policies will affect demand for child care and a broader early childhood workforce, wages, working conditions, training requirements and employment opportunities.

ECE and assistants reflect the general population, both in terms of those born in Canada and those who were recent immigrants, and those who were visible minorities. The child care workforce continues to have a younger age distribution than related occupations, yet they are aging. The study also shows that, from 1991 to 2001, the greatest increase in the proportion of workers aged 40 or older was in the child care sector.

¹⁷ *One Million Too Many: Implementing Solutions to Child Poverty in Canada*, 2004 Report Card on Child Poverty in Canada, Ottawa: Campaign 2000

In this context, the *Labour Market Update* proposes eight recommendations:

- Promote increased pay and benefits;
- Develop a recruitment strategy;
- Develop a retention strategy;
- Enhance management and leadership practices and supports;
- Increase attachment to labour, professional and advocacy organizations;
- Develop partnerships with the education and research community, government departments and related sectors;
- Reframe the child care dialogue to include early child development; and
- Develop a research agenda.

The focus of these recommendations is to ensure quality jobs for those who choose ECE as a profession. In its 2004 Report Card, Campaign 2000 repeated that "child poverty is a multi-faceted problem, which requires multi-faceted solutions. There is no single silver bullet." One of Campaign 2000's five core elements of a Social Investment Plan is "More Good Jobs at Living Wages". A child care program would provide answers to this by creating quality jobs for parents to raise their children, and by creating a structured environment where some negative effects of child poverty may be redressed.

Furthermore, one income is no longer sufficient to support a family. A national child care program will support the workforce in general and women in particular. More than 70 per cent of children aged 3 to 5 have mothers who work in the paid labour force. Yet women earn less than men, they are more likely to be in part-time or non-standard employment, and to work in clerical, sales and service jobs which pay less than the blue collar jobs occupied by men.¹⁸ Labour market vulnerability is increasing and women are usually the first to suffer. As well, more than 96 per cent of ECE and assistants are women. Creating quality jobs in this sector will favourably affect women who are in the paid workforce.

In Australia, independent child care centres bought by corporate chains have seen their food budgets slashed and cleaning staff laid off. Child care workers who are supposed to be looking after the children now have to assume the cleaning jobs during those same hours. The Australian businessman who is making millions on child care centres has fought to reduce qualified staff during children's lunch and nap times and has gone to court to stop a small independent owner from opening near one of his centres.¹⁹

¹⁸ Ibid.

¹⁹ *Canadian mines 'big box' daycare*, The Toronto Star

IV. Conclusion

We have waited so long to get this right. Child care services are not simply commodities with a commercial value and potential for profit. Their purpose is to build opportunities for working parents, expand the individual potential of all children and enhance the public good. The challenges ahead for human, social and economic development require a publicly funded, national, high quality and affordable ECEC program, not one that is undermined by and beholden to corporate interests.

The National Union will urge all governments to work together to enact the following:

- A truly national ECEC program, not 13 separate systems, which meets the needs of children, parents, communities and workers;
- Adequate, long-term, predictable federal funding;
- Federal legislation that enshrines key principles and national standards that serve as the foundation of high quality ECEC;
- The highest standard of accountability to the public;
- Public money that goes solely to child care services, not corporate profits;
- The promotion of equality through equal access to services; and
- Decent pay, benefits, pensions and healthy working conditions as a result of a unionized child care workforce.

We can all do better by working and caring together.