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The Canadian Centre for Policy Alternatives

OUR SELVES

Social and Economic
Returns of Child Care

The State of Child Care
in Canada in 2009

Privatizing Child Care
Services — Riskier
Than You Think

Beyond Child's Play



Caring for
and educating
young children
in Canada



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The Fight for a Publicly-Funded Child Care System in Canada

Introduction/Overview

“For 25 years, this association has fought to ensure that every family in Canada has access to affordable, quality child care” wrote Governor General Michaëlle Jean on the silver anniversary of the Child Care Advocacy Association of Canada (CCAAC).

It is disturbing yet accurate for the Governor General to describe our advocacy work as a “fight.” Not, of course, in the guns and soldiers sense of the word. But when the CCAAC was formed in 1982 few would have foreseen the long and difficult road ahead. Since its inception we have worked to promote quality, inclusive, community-owned child care services that are accessible to all who want or need them. The association’s membership now connects with more than four million Canadians, including parents, caregivers, researchers and students, through women’s, anti-poverty, labour, social justice, disability and rural organizations.

Buoyed by the early momentum of our movement and by the increasing demand for child care as mothers entered the workforce in unprecedented numbers, we began our advocacy work

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confident that the need and the evidence would soon translate into strong political action and good public policy. But that hasn't been our reality. Instead, we've been given political promises that lacked the political will and the public funding for significant and sustained improvements. We've contributed to the growth of an overwhelming body of research highlighting the benefits of quality child care services ... only to see that evidence sidelined by public policy that prioritized tax cuts over strategies to reduce poverty and inequality, such as child care.

The ongoing lack of access to quality, affordable child care services across most of Canada is regularly profiled as a key issue affecting children, families, employers, communities and our economy. However, most federal and provincial governments have resisted adopting the recommendation that Canada fundamentally shift away from its long-standing and ineffective, targeted, market-based approach to child care services and introduce a universal, publicly-funded system. As a result, for most of the last 30 years progress on child care services has been slow, uneven and inconsistent.

Canada has, in fact, a triple market failure. We have the lowest child care access rates in the industrialized world, with regulated spaces for fewer than 20% of children. Parent fees are among the highest anywhere, often exceeding the annual cost of university. And quality is constantly undermined by low wages and poor retention rates for early childhood educators.

Outside of Québec, Canadian governments at all levels have twisted themselves into pretzels trying to explain how they could continue to sign numerous international human rights treaties and federal/provincial/territorial (FPT) agreements committing to child care improvements yet fail to deliver accountability for results. "We would but we can't afford it" was the simplistic excuse prior to 2000. Then, as federal and provincial surpluses began to mount annually — reaching a dizzying \$30 billion combined in 2007¹ — 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 the most significant child care agreement and reduced dedicated child care transfers to provinces and territories. In the meantime, other developed countries continue to sprint down the child care track, leaving Canada in the dust. And, since the eco-

conomic downturn, the federal government's silence on child care and other issues of particular interest to women is cause for even greater concern. Having squandered the opportunity to share the economic good times with children, women and families, Canada now enters the recession with poverty and inequality unresolved.

In this context, the invitation from the Canadian Centre for Policy Alternatives to participate in this special issue of *Our Schools/Our Selves* provides an important and welcome opportunity to join with colleagues in reflecting on the current status of and barriers to child care in Canada, and to re-energize our "fight" for the solution: the right of every child, woman and family in Canada to access quality, affordable, publicly funded services.

Current status

Canadians have experienced a child care public policy roller coaster over the last 10 years. Building on the 1999 Social Union Framework Agreement to improve social services, the federal government finally began to introduce dedicated federal child care transfers to provinces and territories in 2003. By 2005, a series of bilateral agreements between the federal government and individual provinces and territories further increased federal transfers and required provinces to develop plans for improving access to quality, affordable early learning and child care.

However, neither of these agreements required (nor did they adequately fund) the fundamental shift towards an accountable, publicly-funded system. Most governments (other than, to some extent, Manitoba and Québec) used the funds to further entrench the current market-based approach to child care services. Provinces and territories raised parent fee subsidies but placed no limits on the maximum that parents could be charged. They introduced wage enhancements for caregivers, but did not establish compensation guidelines for these college-trained workers. And they continued to rely on community organizations and entrepreneurs to plan, build and operate services according to their own priorities.

As a result, service improvements were modest. Wages and spaces — outside of Québec — grew only slightly, and parent fees continued to rise in many provinces.

Nonetheless, when they came to power in 2006 the new Conservative federal government cancelled these bilateral

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agreements, cutting almost \$1.2 billion in future federal child care transfers to provinces and territories (see Table 1). Based in large part on advocates' mobilization across the country, some funds were reinstated through a \$250 million Child Care Space Transfer. But the centerpiece of this federal government's child care plan is a universal taxable family allowance (UCCB) of \$100 per month per child under six. While families need adequate incomes, they also need services to be available and affordable in their communities. The UCCB does not build or sustain child care services.

Through these policy choices, the federal government is placing full responsibility for child care services in the laps of provinces and parents.

Meanwhile, the legacy of Canada's continued reliance on a market-based approach is reflected in international comparisons of early learning and care which consistently give Canada a shameful review. A 2006 report by the Organization for Economic Cooperation and Development (OECD) ranked Canada last out of 14 countries in terms of public investment in early childhood education and care services and last out of 20 countries in terms of access. Most recently, UNICEF ranked Canada last out of 25 developed countries in terms of meeting suggested standards of early learning and care, along with other family policy benchmarks related to parental leave, child poverty and universal access to essential health services.²

Table 1 - Dedicated Federal Child Care Transfers to Provinces and Territories

<i>\$ millions</i>	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
2003 Agreement on Early Learning and Child Care (ELCC)	25	150	225	300	350	350
2005 Agreement on Early Learning and Child Care (ELCC)	0	200	500	650	1,200	1,200
Total Committed, Dedicated Child Care Transfers/Funding, 2005	25	350	725	950	1,550	1,550
Less: 2005 ELCC Agreement terminated effective April 2007					-1,200	-1,200
Add: 2007 Federal Child Care Space Transfer					250	250
Total Actual, Dedicated Child Care Transfers/Funding, 2007	25	350	725	950	600	600

Ironically, the current federal government claims that it is spending more than ever before to support early learning and child care. Yet of the \$5.6 billion³ that the federal government counts in this funding envelope, 80% (\$4.5 billion) goes directly to parents to spend as they please, 9% (\$500 million) goes to provinces to spend on young children and families as they please, and only the remaining 11% (\$600 million) is theoretically dedicated to improving child care spaces and services. As shown in Table 1, this represents a reduction of 37% from 2006 (\$950 million) and a 61% reduction from the previous government's commitment for 2008 (\$1.55 billion).

As a result of the current federal, provincial and territorial approaches to child care, particularly outside of Québec and Manitoba, today we are witnessing:

- **Higher parent fees:** the reduction in federal transfers led the province of BC to cut operating funds to child care services, suggesting that parent fees could increase to make up the difference. But according to the Canadian Council on Social Development child care is already the largest component of the cost of raising a child. Today, many young families are paying more for child care than other families are paying for their children to attend university.
- **Minimal progress on staff wages:** although compensation for trained staff is a key indicator of quality, the predominantly-female child care service sector remains one of the lowest paid in Canada. The resulting recruitment and retention crisis across the country compromises the quality of our children's care.
- **Slower growth in spaces and an open door to corporatized child care services:** in 2007 the number of regulated child care spaces in Canada grew by only 3%, the smallest annual increase in this decade.⁴ Yet, the federal government seems happy to allow demand to build while provinces introduce capital grants for commercial child care providers.

High fees, low wages and unmet demand — these conditions should be a wake-up call to governments about the fundamental

inequality of their current approach to child care services for children, women and families. The evidence-based response should be a publicly funded system that prioritizes equality in both access and service provision. In the absence of such a system, children, women, families and existing community-based services are vulnerable to takeover by corporate child care. As the Australian experience has taught us, the corporatization of child care is not a solution. Corporations determine the mix of service quality and accessibility that they will offer based on profit potential, not based on the equality-seeking goals of improving services for all.

Yet there is also good news. Canada's current child care policies do not reflect the views of most Canadians, 77% of whom consider the lack of affordable child care to be a serious problem.⁵ A 2006 poll shows that three-quarters of Canadians support a national child care program.⁶ The Code Blue for Child Care Campaign, initiated early in the same year, promptly gathered more than 100,000 signatures on petitions unveiled in St. John's, Newfoundland and an open letter urging governments to honour the federal child care transfer agreements. Canadians agree with us.

Barriers

In spite of public support, barriers to achieving a publicly-funded child care system remain. The CCAAC sees three areas of resistance: protection of market-based approaches and business interests; federal, provincial and territorial relations; and ongoing ambivalence about the role of women.

The most significant challenge facing the child care advocacy movement is the formidable opposition to the introduction of a significant new public service in Canada. Essentially, child care advocates promote a publicly-funded system, whereas others believe that acceptable levels of quality, affordability and accessibility can be achieved within a market-based approach. The Canadian child care experience with a market-based approach over the last 30 years clearly demonstrates that the latter is not grounded in the evidence. Rather, it's about values, ideology and business interests. In fact, the principles of the system we are seeking — collective responsibility through universal entitlement, significant public investment and democratic decision making about regulations

and standards, staff training and compensation, affordability and service location, etc. — are polar opposites to the values espoused by the global pressure for less government and more market-oriented solutions to public concerns.

Interestingly, there is now a growing awareness of problems created by over-reliance on a market-based approach. Even before the current recession, public discourse acknowledged the need for government involvement in addressing issues like climate change. And the ongoing saga of ABC Learning in Australia — as described elsewhere in this publication - should make market-oriented governments pause before applying their ideology to child care. This awareness may enhance opportunities to promote a publicly-funded child care system ... or it may encourage market advocates to seek new ways to realize private profits on public goods like child care.

The evolving state of FPT relations is another challenge. The CCAAC's recommendations relate primarily to the role of the federal government, and reflect the view that system building is best achieved with strong federal leadership on policy (national legislation), funding (dedicated federal transfers) and accountability (annual reporting to legislatures on results achieved). In recent years provincial governments have resisted this federalist approach on a wide range of issues. They argue that, since they have primary responsibility for service delivery, federal transfers should be unconditional as — or because — provincial and territorial governments are responsive and accountable to the unique needs of their own populations.

(It is interesting to observe that, despite provincial claims of uniqueness, most governments continue to apply remarkably similar, market-based policy and funding approaches to child care services - with consistently weak results.)

The 1999 Social Union Framework Agreement and the subsequent FPT child care-related Agreements between 2000 and 2005 highlight the previous federal government's attempt to bridge this tension. Provinces and territories received dedicated federal transfers in exchange for their agreement to improve regulated child care services. However, the funding levels were initially low and the accountability very weak. With this "small carrot, tiny stick" approach to FPT relations, progress has been limited and uneven.

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The 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 Québec's right to develop social programs and applaud the leadership Québec has shown in initiating the only North American child care system. That is why it is particularly discouraging to see that the current federal government is not taking up its leadership role on child care services and finding ways to bridge FPT tensions in order to advance equitable access to services across the country. In fact, the federal government has consistently reduced the federal spending power. As a result, while provinces and parents are both receiving more direct transfers from the federal government than ever before, there have been no substantial improvements in access to quality, affordable child care services since the Conservative government was elected early in 2006. Today, Canada's human rights commitments on child care to both children and women remain largely unfulfilled.

More recently, the growing interest in using the public education system as a vehicle for the delivery of early learning and care across Canada is an important policy development. Most countries that have implemented effective systems have done so through education ministries rather than social services, and many are moving to integrate the traditional separation between early learning programs in public schools and child care in community settings. Furthermore, the principles of education across Canada — universal entitlement to programs provided by reasonably paid and trained staff, with democratic governance — are consistent with the principles our advocacy movement seeks for child care.

However, given Canada's current political context, it is not clear that such a shift would necessarily mean that all of the principles of public education would be adopted. In countries such as the U.S. and New Zealand, publicly-funded programs for preschool-aged children are provided through education ministries but are delivered by a range of public, non-profit and for-profit providers. In the U.S., pre-kindergarten programs vary greatly in terms of access, levels of public funding and quality indicators.

Nor does a shift to delivery through ministries of education guarantee a seamless day for children or that working families

would consistently be a policy priority. Provincial education systems, outside of Québec, have not adjusted their programming to accommodate the fact that most parents are in the paid labour force — including three-quarters of mothers with young children⁷ — so before- and after-school care is already a significant concern across the country.

The implications for existing child care services and professional early childhood educators of a move towards public education need to be 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 early childhood professionals that are keen to participate in advancing a quality, universal, democratically-controlled system.

Finally, beneath the surface of all of these barriers lies society's ongoing ambivalence about the role of women and caregiving. Although women are well-established in the labour force, child care services continue to challenge traditional notions about public support for working mothers and the professionalization of caring.

Solution

There is compelling evidence that investing in child care services offers among the broadest benefits of any policy strategy a nation can adopt. Economic studies have repeatedly shown that the multi-generational benefits of focused, accountable investments in child care outweigh the costs by at least two to one. Further, access to quality child care services promotes health, advances women's equality, reduces crime, addresses child and family poverty, and deepens community social inclusion.

But wishful thinking and a market-based approach won't make it happen. Accepting the current approach to child care services in most of Canada means accepting that our children are not getting the best start possible, accepting an under-performing economy, accepting that women should pay an economic penalty for parenting and working, and accepting little progress on critical social issues in communities.

Will this approach continue? That depends. If governments continue to be let off the hook because families continue to make do and women continue to provide child care for low

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wages, then it might. But there is a better alternative: a solution to this crisis.

In 2004 the CCAAC produced a policy document, *From Patchwork to Framework: A Child Care Strategy for Canada*, which outlined the funding and policy components — the framework — essential to developing a system. Building on the research and the lessons from other countries, our framework was also grounded in the lived experiences of children and families across Canada. We recommended national legislation to ensure all children and families were entitled to access quality services. We called for an increase in public funding to 1% of GDP, as the European Commission Network for Child care suggested at that time (and as UNICEF recommends to this day). We developed timelines and targets to monitor progress along the way.

Since 2004, our recommendations have been summarized for some interested audiences and clarified for others. They've served as a benchmark to monitor progress and they've been adapted and reframed to respond to opportunities and challenges in the political context. But at their core, they remain unchanged.

The federal government must move from “wishful thinking” to “accountability for results” by ensuring that children and families have equitable access to quality, affordable, inclusive, non-profit child care services across Canada. The Child Care Advocacy Association of Canada therefore recommends that the federal government adopt a focused public investment strategy which includes:

- **Public Funding**, providing adequate, dedicated and sustained child care transfers directly to provinces and territories;
- **Public Planning**, requiring provincial and territorial child care plans, with timelines and targets to reduce parent fees, raise staff wages and add public or community-owned spaces;
- **Public Reporting**, to ensure accountability for the provision of child care services that support children, families and women in all of their roles.

In countries that have adopted this strategy as a key component of family policy, child care services are an expected and planned part of communities. Like schools, libraries and recreation centres, child 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.

Conclusion

For most of the last 30 years, child care policy in Canada has been grounded in the wishful thinking that, through the magic of the market, desired services will be available on demand. This market-based approach assumes that families can pick the mix of quality and affordability that they desire for their young children's education and care from a wide range of available services, and that these private choices do not have public implications.

But wishful thinking hasn't worked. Canada's market-based approach to child care is failing children, women, families and communities, and undermining Canada's economic performance.

Canada has all the evidence and tools it needs to build the child 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 child care services — benefits that can only be realized if we ensure that services are high quality and accessible. We have 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 child care services. And not surprisingly, given all of the above, we have polls that repeatedly show Canadians want greater public investment in child care services. Most recently, an October 2008 poll by Environics indicated that 85% of Canadians want their governments to create more affordable child care spaces.⁸

The only thing we don't yet have is a significant commitment from our federal government and most of our provincial governments.

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Some say that, in uncertain times, Canada cannot afford to invest in child care. We say, nothing could be further from the truth. Child care services are an essential part of every community's economic and social infrastructure — an economic stimulus with long-term benefits for Canada.

In 1984, Judge Rosalie Abella, now on the Supreme Court of Canada, identified affordable, accessible child care services as “the ramp to women’s equality” in her Royal Commission on Equality in Employment report.⁸ This is as true today as it was then. Child care services are still desperately needed, and the CCAAC’s fight continues.

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Jody Dallaire of New Brunswick and Lynell Anderson of BC may be separated geographically, but they are joined by common threads of motherhood and voluntary work for the Child Care Advocacy Association of Canada.

ENDNOTES

¹ Fiscal Reference Tables at http://www.fin.gc.ca/toc/2008/frt08_-eng.asp

² See Adamson, Peter (2008). *The child care transition: A league table of early childhood education and care in economically advanced countries*. UNICEF Innocenti Research Centre, Report Card 8. (http://www.unicef-irc.org/publications/pdf/rc8_eng.pdf and) Friendly, Martha (2006). *Early learning and child care: How does Canada measure up?* Child Care Resource & Research Unit Briefing Note. (http://www.childcarecanada.org/pubs/pdf/BN_EarlyLearning06.pdf)

³ http://www.universalchildcare.ca/eng/faq/index.shtml#support_families

⁴ *Child Care Space Statistics 2007* (Summary), Child Care Resource and Research Unit, March 2007. (<http://www.childcarecanada.org/pubs/other/spaces/index.html>)

⁵ http://www.ccaac.ca/pdf/resources/polls/2008EnvironicsReport_Attitudes_toward_child_care.pdf

⁶ http://www.ccaac.ca/pdf/resources/Reports/Poll_Fact_Sheet.pdf

⁷ http://www.childcarecanada.org/ECEC2006/tables_big/ECEC06_Table7.pdf

⁸ http://www.policyalternatives.ca/documents/National_Office_Pubs/2008/Poverty_Poll.pdf

⁹ <http://pi.library.yorku.ca/ojs/index.php/cws/article/viewFile/12792/11875>