

Why early childhood education is important for you, yes you. ^[1]

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EXCERPTS

The pandemic has disproportionately impacted women, especially those with young children. But it's not only women who would benefit from a national early learning and childcare program as part of Canada's plan to build back better.

Deloitte recently published a study which found that such a program would be beneficial to children, parents, women and the economy as a whole. To get a better understanding of what's going on The Peak sat down with Craig Alexander, Chief Economist and Executive Advisor, Deloitte Canada.

The Peak: Why did you choose to study the economic impact of early learning and child care?

Craig Alexander: I've been studying early learning and child care (ELCC) for a long time. This is the fourth study I've released on the subject going back twelve years; starting when I was at TD Bank and continuing at Deloitte. People are often surprised to hear that an economist is studying ELCC, but it is an economic issue. Access to child care affects labour participation, educational outcomes, skills development for our future workforce and fights inequality – all of which have an impact on the economy. One of my sources of frustration is that Canada has underinvested in early learning relative to other OECD countries, which puts Canada at a disadvantage both domestically and internationally.

The Covid-19 pandemic has had disproportionate economic impacts on women, especially those with young children. How would implementing ELCC help those impacted build back better?

When schools closed, women left the workforce at a higher rate than men. Unfortunately, most of the burden of raising a family falls on women. ELCC allows parents – women especially – to participate in the workforce.

When women have children and leave the workforce, they don't use their skills for an extended period of time and it can be difficult to reenter the workforce. This can hinder their career growth. For a mother who leaves her job to take care of a child until they are old enough to enter the primary education system, her career path has been disrupted in a way that can take a very long time to overcome.

If we look at other countries where there is very high enrolment in ELCC, you have very low gender wage gaps, and I think that's because you have less career disruption for women. We also know that the pandemic has had a disproportionate impact on low-income families. Universal access to ELCC would combat inequality in the short term by letting these families get more out of their careers, and in the long term by giving children a good start on their educational journey. The benefits of early learning is maximized when the class room has children from all socioeconomic backgrounds, which is why universal access is important.

Finding top talent is a challenge, we know this at the Peak as we've just gone through the process to bring on our first employee outside of the founders. How would implementing ELCC help employers?

Employers benefit when they have a strong pool of talent to hire from, and when their employees are happy and engaged. Making ELCC universally accessible would help with both.

Ensuring that families can access quality child care increases the pool of available talent. We saw this in Quebec: When they subsidized child care programs, there was a significant increase in female labour participation. Any employer would be frustrated to know that there might be the perfect candidate for a role who isn't applying because she can't find quality child care. Accessible ELCC makes that less likely.

Secondly, I believe parents that have their children in high quality ELCC facilities are probably more productive at work because they know their child is safe and having a reliable and positive experience developing their skills. This increased productivity benefits employers too.

Before the pandemic we had labour shortages. Our strategy at the time was to focus on immigration to bring in workers who have the skills employers look for. ELCC can help take some of that pressure off by keeping existing domestic labour in the workforce.

Finally, even businesses who don't have any employees with families can benefit from the economic growth that would accompany greater investment in ELCC. More people working means more people paying taxes and spending money.

People who aren't parents might ask why they should care about early learning. How would investing in ELCC be tangibly meaningful to

them?

Canadians without children – or parents of older children – may not be supportive because they don't see a direct benefit too their own lives. But investments in ELCC don't just benefit parents and children; they benefit everyone.

We're not just talking about child care. We're talking about quality early childhood education, and when you consider it in terms of education, it becomes easier to explain the benefits.

This is about investing in social infrastructure. If the government builds a bridge far away from where I live, I might not use it – but that doesn't mean I should be opposed to it.

Canadians – even those without children – appreciate the importance of a public education system. The same argument applies to ELCC. We benefit from infrastructure we don't directly use, and social infrastructure is the same thing.

How will ELCC increase tax revenues and decrease government spending? Governments benefit when more people are working, because the economy grows faster as does tax revenues.

Studies vary in their findings, but we know that every dollar invested in early learning programs results in an economic multiplier. On the low end, when modeling is conservative, this multiplier is worth 60%. That means every dollar invested results in a return of \$1.60.

But when you take a longer view and model the impact of benefits to children over their educational journeys and into their careers, the anticipated return increases to almost \$6.00. This is a result of everything we're talking about: more people in the workforce, less disruption in women's careers and a lower gender wage gap, greater productivity, and a decrease in inequality, which is a threat to the economy. If you remove barriers to low-income families such as finding and accessing quality child care, their income goes up which generates more economic activity and tax revenue.

When we look at the experience in Quebec, eleven years after their investment in subsidized child care, the estimates were that tax revenues for the provincial and federal governments far exceeded the investments made.

Large scale investment in this area will be expensive. Canada lags behind, and getting up to the average level of other major advanced economies would cost Canada about 7-8 billion dollars, but when the return is accessed over a decade, we could fully recoup the investment made. In fact, I believe that tax revenues would be greater than the investment.

There's also the possibility of cost savings. In our report, we looked at the cost of special education. We saw consistently across provinces that special education costs taxpayers between \$2000 and \$2500 per student enrolled in schools – and this just those in special education. We know that children who benefit from ELCC not only less frequently require special education, but also show lower rates of grade repetition and higher rates of secondary graduation. This shows that ELCC leads to a more efficient education system throughout a student's journey, ultimately saving governments money. And, I think ELCC should be funded as education – not as tax credits.

Ultimately ELCC is about children. What are some of the near term and long term impacts of making an investment in ELCC for the next generation?

We know that children who benefit from early learning enter school more prepared. Both technical skills like literacy and numeracy, and soft skills like discipline, interpersonal skills and self control, are higher in children who experienced early learning than their peers. While technical skills can be caught up on over time, the cost to the education system can be significant. Meanwhile, the soft skills benefits from ELCC give an advantage to children throughout their education.

This interview was sponsored by ECE For Canada

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<https://childcarecanada.org/taxonomy/term/9038> [5] <https://childcarecanada.org/category/tags/womens-labour-force-participation>