

Kindergarten cops [CA-QC]^[1]

Quebec overturns a ban on private day care--but entrepreneurs are still stung

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EXCERPTS

Like most busy entrepreneurs, Sylvain Lévesque finds himself juggling multiple tasks at inopportune moments. Lévesque drops into his office chair and begins his own personal circle time. He tells a story of how a dedicated day-care owner faced the big bad wolf of public ownership, fought a long battle for respect and recognition, and was finally welcomed home to save the day.

Quebec's child-care system is as different from the rest of the country's as most other things are in la Belle Province. In 1997, the then-Parti Québécois government embarked on a European-style experiment in universal day care. Parents would pay only \$5 per day, and the province would ante up the rest--the average cost of day care in Montreal was \$25 per day at the time--as well as fund all capital expenditures required to make spaces available to 200,000 Quebec children. Where most provinces allow commercial day cares to operate alongside non-profit operations, the plan as conceived by the PQ would have squeezed 450 privately owned day cares out of business in favour of subsidized, unionized, state-controlled centres. There was to be no profit in child care. And no joy for Lévesque. "My wife and I, we worked for six years at \$8 an hour in a day care in order to open our own," he recounts. "But the same day that I signed my lease on this place, [former PQ treasury board chair] Pauline Marois announced there would be no more licences for private day cares. It was hard."

Lévesque did get his licence, but only because he had applied the previous year. He promptly took control of the association that represents for-profit day-care owners in Quebec and organized a year-long series of rallies, vigils, parent strikes and media blitzes to direct political attention toward his sector, which was providing care for 24,000 children. "We were suffering from ideological harassment," Lévesque complains. The argument that it's improper for entrepreneurs to look after children is a common one, particularly from public-sector unions and academics. In the end, Lévesque won the right for existing private day-care owners to also offer \$5-per-day care. But the quid pro quo was a lower level of subsidies than was available to non-profit facilities--and a moratorium that prevented any new private centres from opening for five years.

Not surprisingly, the curtailment of the private sector--not to mention the generous subsidies for parents--led to massive unfulfilled demand. The estimated waiting list for day-care space in Quebec, according to the Montreal Gazette, stood at 60,000 children in 2002.

The new Liberal government of Premier Jean Charest has tried to rein in costs by increasing the price paid by parents to \$7 per day. And it has welcomed back the private sector. This past February, Carole Théberge, the provincial minister for family welfare, announced that all future day cares constructed in Quebec will be privately financed. The grand public experiment is over. But where non-profit day cares now receive \$33 per day per child in provincial funding on top of the \$7 per day parental fee, Lévesque receives only \$25--a 24% difference.

A quick tour of both public and private day cares suggests that there are some key differences, but largely in the fixtures. Where Lévesque's facility occupies a sunny but modest second-story space above a bank in the pleasant west-end neighbourhood of Hampstead, non-profit day cares, such as the one at the University of Montreal, gleam with expensive cabinetry and pricey furniture. "We do the same job they do for less money," says Lévesque. "For me, quality child care is in the owners and the teachers, not in the kitchen." Administration costs are also lower in the private sector, Lévesque points out, adding that the duties of him and his wife as owners would require up to five staff positions in a unionized day care.

Philip Merrigan, a University of Quebec at Montreal economist who has studied provincial family policy extensively, worries about the costs of the heavily unionized and subsidized non-profit child-care system in Quebec. Strict pay equity provisions in the province, he adds, also mean the government may soon be on the hook for an additional \$300 million. "The costs will continue to escalate because the unions are very aggressive," says Merrigan. "In three years, we saw a 40% increase in wages."

New negotiations could push wages even higher. Merrigan argues that it actually would be cheaper to give the private sector larger subsidies in order to limit the role of unions in the day-care industry and inject more competition into the system.

Yet the notion that entrepreneurs don't really belong in day care is a pervasive one. "A commercial day-care owner wants to make a profit,

and that is not the case in a public, subsidized environment," says Christa Japel, a University of Quebec education professor and co-author of a recent study comparing non-profit and for-profit day cares in Quebec. As she sees it, the government's recent move to open more private facilities "is financially motivated rather than by any motivation to improve the children's environment."

Japel's study ranked the quality of day cares as poor, mediocre and good. The data show that while the vast majority of both public and private day cares fall into the middle category, the non-profit sector had a greater number of good-quality day cares compared to the private sector. Lévesque disputes the figures--and Japel's conclusions. He notes that he faces the same rules and regulations as public day care, the only difference being that non-profit centres are required to have two-thirds of their staff qualified in early-childhood education, and private day cares need only one-third. That difference is set to disappear in two years, although Lévesque says his centre already meets the new standard.

He also takes umbrage with the claim that earning a profit makes him less of a caregiver. "I am the owner, and I pay myself a salary of \$40,000 and my wife a salary of \$40,000," Lévesque says. "My profit is my salary. I could make more money as the director of a non-profit day care." (The top wage for a non-profit day-care manager is currently \$49,000.)

It might even be argued that a motivated entrepreneur, rather than the comfortable bureaucrat, is a parent's best friend. Consider the massive waiting list in the province--Lévesque himself has 400 names queued for 70 spots--which is largely due to the old moratorium on private day cares. The surplus of demand has allowed many centres to screen children, offering spaces only to kids who are easy to handle. "I have two handicapped children in my centre who were refused by every non-profit centre they applied to," says Lévesque. "I was the only one who would take them. But the mother was crying. How could I refuse her?"

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