

Why Canada can't work without childcare: Pre-budget consultation brief ^[1]

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ASSUMPTIONS

This brief, based on four assumptions, provides advice to the federal government for the January 27 2009 federal budget.

1. The Finance Minister is seeking advice on immediate "measures to stimulate economic activity" and "steps beyond short-term stimulus to ensure that the Canadian economy remains internationally competitive". **Early childhood education and childcare (ECEC) contributes both to timely, short-term economic stimulus and longer term economic prosperity and competitiveness.**

2. Failing to invest in social capital is bad economics. **Healthy child development is a critical foundation for 21st century economies that are increasingly knowledge-based.**

3. Public funds spent on ECEC are short-, medium- and long-term economic and social investments with strong positive returns from benefits for children, parents, the labour force, local communities and the larger economy -- **if the funds are spent on effective, well-designed programs that support both child development and parents' labour force participation.**

4. A 2008 comparative study of ECEC conducted by UNICEF ranked Canada last among 25 developed countries as it failed to achieve nine of ten international benchmarks for quality and access. **This corroborates previous evidence that -- in its present state -- Canadian ECEC is not likely to make a robust economic or social contribution.**

RATIONALE

There is considerable evidence from economics, child development, social and educational research supporting the idea that high quality early childhood education and childcare should be part and parcel of strategies to stimulate the economy in the short-term and ensure prosperity in the long-term.

If it is high quality and accessible, an ECEC system:

- Makes us more competitive (in the long-term)

Twenty-first century economies are increasingly knowledge-based and healthy child development is a critical foundation for lifelong learning. Investing in the early years is fundamental for investing in children's physical, social, emotional and intellectual well-being to ensure that Canada is competitive with other modern economies now and in the future. High quality ECEC programs are good for children's development but research shows that poor quality can be harmful, especially for very young children and those who are at-risk. Good quality ECEC, on the other hand, may be protective for vulnerable children.

- Yields high economic and social returns (in the short, medium and long-term)

High quality ECEC is shown to produce substantial social and economic returns to our society. Depending upon how and where the research is done, studies show returns from \$2 to \$17 for every dollar spent. These returns are derived from improved school performance, reduced need for remediation in the school years, reduction of anti-social behaviour -- all resulting in later adult productivity -- and increased mothers' labour force participation.

- Helps keep families out of poverty (in the short, medium and long-term)

Improved access to childcare facilities is closely linked to reducing family poverty. With access to good childcare, low income lone parents - most of whom are women who are unable to pay childcare user fees -- are better able to seek further education, train for work, get decent jobs and accept job promotions. In Quebec, the incidence of lone mothers living below the poverty line dropped substantially as access to regulated childcare expanded. Childcare is important for two parent families too, providing them a chance to improve economic stability and income in a time of insecure employment and stagnating wages. While an anti-poverty strategy must include much more than childcare, any strategy to combat poverty will be impeded without access to ECEC.

- Supports women's workforce participation, education and training (in the short, medium and long-term)

A 2008 report from the World Economic Forum is only one of many that stresses that enabling mothers with young children to be educated, train and enter the work force is not only good social policy but good economic policy. Childcare is a key support for women already in the workforce and those who want to enter it. Since the province's childcare reform began, the number of married Quebec women who entered the workforce was twice that of the rest of Canada, with substantial returns in income and payroll taxes.

- Builds strong local economies (in the short, medium and long-term)

From the moment the foundation for a new childcare centre is poured, ECEC generates ongoing economic activity in the community, primarily creating green jobs that don't harm the environment. Since the ECEC sector is labour intensive and early childhood educators usually live, work and buy in their communities, the majority of childcare dollars are spent locally. Research in Manitoba calculated that every dollar of childcare spending produced a ripple effect of \$1.58 in the local economy; many US studies have produced similar figures, demonstrating that ECEC is a very sustainable form of local economic development.

- Combats an aging society and diminishing labour force (in the medium and long-term)

Canadian birth rates have been falling for some years and the workforce is aging as they are in most industrialized countries. Economic research shows ECEC to be critical to balancing work and family, making a difference when it comes to deciding how many children to have. This means that childcare is key in a long-term strategy to address future labour shortages that can threaten social programs that rely on a large tax base such as universal health care.

RECOMMENDATIONS

The below recommendations are based on the history and condition of Canadian ECEC and on today's extensive knowledge about best practices in social policy and practice.

RECOMMENDATION 1.

Earmark new federal transfer payment dollars for ECEC operating costs. The next two federal budgets (500 million in 2009 and \$1 billion in 2010) are the right time to get started.

Include capital dollars to develop, expand and improve ECEC facilities as part of infrastructure programs designed for immediate economic stimulus.

Discussion

ECEC needs substantial public operating funding to be good quality enough to support healthy child development and accessible to ordinary parents. The benchmark used by UNICEF for public funding for ECEC programs for children 0-5 years is at least 1% of GDP; Canada currently spends less than .3% on ECEC (regulated childcare and kindergarten), the lowest spending among OECD countries.

An infusion of federal funds would allow ECEC programs to be shored up and enhanced almost immediately as provincial/territorial and local governments could follow through with plans for improving access and quality.

Capital funds to develop and improve Canada's very poor physical childcare environments should be negotiated with provincial governments as part of infrastructure programs designed to deliver short-term economic stimulus.

Funds in the next two years would allow time for a longer-term national policy framework, financing commitments and provincial/territorial plans to be put in place as many, most recently UNICEF, have recommended. Until well-designed policy frameworks are in place, federal funds should be spent according to broad principles previously agreed to by the federal government and provinces.

RECOMMENDATION 2.

Reform the Universal Child Care Benefit (UCCB) to use the funds more effectively. Redirect the \$2.5 billion annual expenditure to enrich child benefits for families who need income most and for the first phase of a national ECEC program.

Discussion

The November Economic and Fiscal Statement committed to "strategic reviews of departmental spending to ensure that programs are achieving their intended results...". The Universal Child Care Benefit (UCCB) is a \$2.5 billion annual expense but there are neither evaluations nor data that show it to be meeting its objective of helping Canadian families "balance work and family life by supporting their childcare choices".

More than \$5 billion has been spent on the UCCB since 2006 but childcare expansion has dropped to its lowest level in some years, many parents can't find or afford childcare, centres close or are unable to operate at capacity because they aren't able to hire and retain trained early childhood educators -- or can't break even. Study after study & Canadian and international & show that quality fails to meet accepted levels. Few would disagree that Canadian parents are struggling to find and afford decent quality ECEC for their children. At the same time, social policy analysts observe that while a more generous well-directed child benefit is key in any strategy to combat child poverty, the UCCB does not meet these criteria.

RECOMMENDATION 3.

Set about designing a robust national ECEC policy framework.

Discussion

Substantial public spending is fundamental for high quality and access in ECEC but spending money without a strong policy framework and first-rate planning is poor policy practice. Consequently, a systematic policy exercise should be undertaken:

- based on the best available evidence about best practices in policy and practice;
- based on the assumption that developing a full ECEC system is a multi-year task;
- in collaboration with provinces/territories;
- with the participation of community-based policy experts;
- consistent with roles and responsibilities inherent in Canadian federalism

When we compare what is known about early childhood education and childcare and what we do in Canada, it is clear that although much good evidence is available, ECEC policy-making in 21st century Canada is not based on the best available knowledge. Canada suffers from an ECEC evidence gap. Extensive evidence is available for Canada to draw upon for the "best available knowledge" about best policy and program practices. Canada is in a good position to develop ECEC models that would work for Canadians.

Based on the best available knowledge, an evidence-based policy framework would:

- blend early childhood education and childcare based on the idea that young children are active learners and social beings, engaged, eager to explore, competent, capable of sustained activity and interests, as well as on the needs of their parents for "care";
- provide a comprehensive approach to ECEC service provision and other family policies such as parental leave and child benefits to ensure that families have reasonable choices and that parents' needs and children's well-being are balanced;
- earmark sustained well-directed public dollars rather than relying on user fees and demand-side mechanisms;
- develop a community-based publicly-managed/delivered system to ensure equity of access and high quality as well as the best use of public dollars rather than relying on marketized solutions that fail to deliver equitable access and good quality;
- ensure a universal approach that builds a full supply of programs for all children over time and takes account of the special circumstances of some populations.

GOOD EARLY CHILDHOOD EDUCATION AND CHILDCARE MAKES GOOD SOCIAL AND ECONOMIC SENSE

In early childhood education and childcare, the interests of social activists who advocate for children, women and families converge with the interest of economic strategists. Investing in our children makes good social and economic sense in the short-term, medium-term and long-term. It is about giving children a good start in life and making sure that families -- especially women -- can participate in education, training and the workforce. ECEC strengthens local economies, creates jobs, combats the aging of the population and returns monetary benefits to the economy from taxes and reduction of reliance on social programs.

As economist Judith Maxwell recently observed -- "children matter not only for our happiness but also for our future prosperity...and children will bear a big part of the burden of hard times from this recession". Smart 21st century governments know that investing public dollars in early childhood education and childcare systems using the best available evidence is one of the best economic decisions a government can make.

Short-term, medium-term and long-term -- Canada can't work without childcare.

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