

The debate over for-profit child care heats up ^[1]

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EXCERPTS:

In debates over how to provide care-whether in hospitals, seniors' residences or daycare centres-clashes along the border between not-for-profit and for-profit services are particularly ferocious.

For free-market types, it's axiomatic that injecting competition into the system should boost choice and, as a result, quality and efficiency. For social democrats, it's equally self-evident that profit-seeking providers are more likely to sacrifice standards, especially by hiring fewer and less-qualified staff, than the not-for-profits.

From deep inside the latter camp comes the Toronto-based Childcare Resource and Research Unit's new report flagging, with some alarm, the rise of for-profit daycare. For-profit spaces grew to 28 per cent of those available in Canada in 2010, up from 20 per cent in 2004. Martha Friendly, the unit's driving force, warns that standards at for-profit centres tend on the whole to be lower. She worries that what will come next is a larger presence for the dreaded child-care chains that dominate in some other countries.

I don't always find myself persuaded by Friendly and her influential group, which favours a publicly funded universal system for early childhood. My inclination, for what it's worth, is that policy should support choice and variety in the pre-school years, while means-tested subsidies for care should flow to low-income parents. As well, I think research that raises concerns about daycare (like this report on less-than-stellar results from Quebec's generous system) deserves close attention.

But when it comes to the documented shortcomings of for-profit care, Friendly her research unit argue from a strong position. For instance, a study published last year in the *Journal of European Social Policy* usefully surveyed the cautionary experiences of Sweden, Britain and Australia, as all three countries moved toward more for-profit care in recent decades, with uneven results.

The paper, jointed authored by British, Swedish and Australian academics, is called "The marketisation of care: rationales and consequences in Nordic and liberal care regimes." It looks at what happened after social-democratic Sweden extended taxpayer subsidies to for-profit child-care providers for the first time in 1991; the Brits used tax credits to spark a 70 per cent increase in for-profit child care between 2002 and 2010; and Australia introduced a voucher system that helped child-care businesses expand starting in the 1990s.

These are complex stories that followed very different paths. Still, the report points to a raft of findings that suggest market forces failed in all three countries to reliably boost quality. It cites three UK studies that rated not-for-profit child care run by local authorities better than for-profit providers, including a big 2007 study, which tracked 19,000 children born in 2000-2001, and concluded that the non-profits offered "higher quality provision in almost all dimensions measured."

An Australian study rated non-profits top, independent for-profits second, and corporate for-profits at the bottom. In Sweden, staff qualifications, notably the number of pre-school teachers with university degrees, is lowest in for-profit child care centres.

None of this evidence is conclusive enough to support any sweeping rejection of private child care. But these at best mixed experiences in other countries obviously shouldn't be ignored in Canada.

Advocates of private, for-profit child care need to consider the advantages of stricter regulation. And it's not good enough to suggest that parents with children in centres that don't seem up to snuff should just move their kids elsewhere. We all know spaces are scarce and switching is a major strain. This just isn't a sector where consumer choice is easily wielded.

Policy needs to follow the evidence. I haven't seen any that leans the other way. Yet the federal government's key programs-\$100 a month to spend as they like to parents for each child under six, a tax credit for business that create new workplace child-care spaces-have helped spur the growth of private care.

No doubt that care is very often excellent. But to ignore evidence that not-for-profit care tends to perform better than the for-profit competition would be irresponsible. Policy-makers should either find ways to make sure that private child care, if it's to keep growing, doesn't fall short, or they should, as Friendly's research unit proposes, switch to favouring the not-for-profit alternative.

-reprinted from Macleans

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