

# **MAKING THE CONNECTIONS**

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Using Public Reporting to Track the Progress  
on Child Care Services in Canada

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**Child Care Advocacy  
Association of Canada**

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## FORWARD AND ACKNOWLEDGEMENTS

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This project report has been prepared by the Child Care Advocacy Association of Canada (CCAAC), working with federal, provincial, territorial and sectoral community members and partners. The intended audience for this report includes the broad range of stakeholders interested in how effective public policy and investment can improve and expand services and supports for young children and their families in Canada. Stakeholders include parents, child care workers, legislators, civil servants, community organizations, researchers, academics and the media.

We are pleased to provide an overview of our *Child Care Policy: Making the Connections* project as well as our analyses, observations and recommendations regarding public reporting under the federal, provincial and territorial (FPT) agreements related to child care services. For those interested in more detail, Appendix I contains specific analyses of FPT public reporting.

As with all of the CCAAC's work, the tools and analyses developed through this project are:

- **Grounded in** the voices and views of parents, child care workers and other community members
- **Informed by** our work with regional and sectoral partners across the country, particularly as represented on our Steering Committee (Council of Child Care Advocates), and
- **Built from** current research about effective child care policy and funding as well as established standards on public reporting and accountability.

The authors appreciate the technical assistance provided by consultant Dan Rosen, the translation services provided by Jocelyne Tougas and the report design and layout work of Avi Goldberg. We also value the advice and expertise of the Project Reference Group members: Morna Ballantyne, Dr. Barbara Cameron, Rita Chudnovsky, Dr. Gordon Cleveland, Jody Dallaire, Martha Friendly, Dr. Paul Kershaw and Monica Lysack.

We would also like to thank CCAAC staff for their support, and in particular Jeanine McDonnell, Project Coordinator, for her calming influence, attention to detail and organizational skills.

We have had opportunities to share our project work with communities and governments across the country. We would like to take this opportunity to thank everyone for their invaluable input to date, and encourage ongoing and collaborative efforts by all stakeholders and governments to strengthen both public reporting and, more importantly, the child care services on which these public reports are based. While pockets of progress under the FPT agreements are evident, it is equally clear that we're still a long way from broadly achieving access to quality, affordable child care services across Canada.

Lynell Anderson

Tammy Findlay

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## COMMON ACRONYMS/SHORT FORMS USED IN THE REPORT

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Bilateral Agreements/Bilaterals – the Bilateral Agreements-in-Principle on Early Learning and Child Care

CCAAC – Child Care Advocacy Association of Canada

ECD – Early Childhood Development

FPT – Federal, Provincial and Territorial

Multilateral – Multilateral Agreement on Early Learning and Child Care (also Multilateral Framework)

MTC – Making the Connections

PSAB – Public Sector Accounting Board

SORP – Statement of Recommended Practice

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## EXECUTIVE SUMMARY

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Starting in 2001/02, agreements between the federal government and provincial and territorial governments other than Quebec have resulted in new federal transfers to improve and expand access to quality, affordable child care and other Early Childhood Development (ECD) services across Canada. In November 2004, the Child Care Advocacy Association of Canada undertook this *Making the Connections* project to support communities and governments in their analysis and discussions of child care policy and funding under these agreements.

To facilitate this dialogue, we began by developing tools and resources to explain the federal transfers and to highlight the importance of key child care system indicators and comprehensive child care planning.

While the child care community and others promote an accountability framework for federal transfers that includes legislated standards, audited information and reporting to Parliaments/Legislatures, the recent Federal/Provincial/Territorial (FPT) agreements propose that accountability can be addressed solely through commitments by governments to provide clear annual public reporting that allows the public to track progress on child care and other ECD services.

In this report, we analyze the extent to which the public reports released to date by governments demonstrate that the FPT Agreement commitments have been met. We base our analysis on the requirements set out in the agreements, as well as on the public performance reporting recommendations of the Public Sector Accounting Board (PSAB).

**Our project findings show that few governments have clear public reporting that allows the public to easily track progress throughout the required reporting period (2000/01 through 2005/06). None meet all of the performance and reporting requirements outlined in the FPT Agreements.** This central finding is highlighted by the fact that of the 13 jurisdictions reviewed, 8 are missing reports for one or more of the required years so the public cannot track all of the federal transfers and total investments in child care services.

One of this project's goals is to help communities to understand public reporting, but our experience indicates that not all reports are understandable. Project staff spent over 30 hours analyzing some governments' reporting, trying to extract both financial and non-financial information that was not clearly and consistently presented and/or comparable from year to year. These problems were also reflected in feedback from a range of stakeholders – including parents, child care workers and academics – who view the reports as too long, confusing and difficult to understand.

Some governments do not provide complete baseline expenditure information, or do so inconsistently. Without a baseline, overall progress and use of federal transfers cannot be tracked and confirmed.

Some reports are outright confusing. For example, the words and/or investment levels described in the text of the report do not match the words and/or investments shown in the financial section of the same report, or related information from previous years.

Because the FPT Agreements permit governments to report only on their chosen “priorities”, some reporting appears to be skewed in favour of good news, providing no explanation of apparent funding and/or service reductions. This approach is at odds with community expectations and PSAB guidelines for unbiased reporting. And when key information is missing, or when expenditure reductions are not explained, the credibility of public reporting is diminished.

Nonetheless, from our detailed analysis of child care services and brief review of other ECD programs we note evidence of improvement trends in:

- **Accessibility and affordability indicators for ECD programs other than child care services**, including increased income supports for families and relatively substantial increases in both targeted programs (for lower income families, Aboriginal communities, and children with disabilities) and universal programs (emphasis on early literacy and supporting families in their parenting roles). Improvements to these other ECD programs appear to be largely publicly funded, with minimal or no parent fees.
- **Quality and availability indicators for child care services**, such as a modest increase in the numbers of trained staff and regulated spaces. (Child care services remain largely funded by parent fees, and the public reports did not provide evidence of improved affordability for families overall.)

These improvement trends affirm the importance of federal leadership in policy and funding to advance ECD programs, particularly child care services, and to protect Canada’s commitment to comparable services across jurisdictions. Evidence from the public reports also highlights the reality of what is required to significantly improve child care services. For example, between 2001/02 and 2003/04, child care staff compensation in one of Canada’s smaller provinces rose from \$7.04 to \$8.44/hour as a result of federal transfers under the FPT Agreements.

Although we’ve been able to identify some improvement trends across the country, these FPT agreements specifically note that governments are reporting to their own publics, and not to each other. Our experience suggests that it is not practical for citizens to track the public reporting on their own, and raises questions about the heavy reliance on this approach as the sole accountability mechanism when parents and community groups are already time-strapped and over-burdened.

However, given this reliance on public reporting, the introduction of generally agreed-upon public reporting recommended practices becomes a critical component of accountability. This is particularly true given that more recent federal transfers for child care services are no longer part of a specific FPT Agreement.

Therefore, in order to promote clear public reporting that supports the public in tracking the ongoing progress in child care services, **we have one overarching recommendation: FPT governments should expedite the implementation of key public performance reporting guidelines** outlined in the PSAB Statement of Recommended Practice (SORP-2).

**Specifically, FPT governments should:**

1. **Implement immediate public reporting improvements to improve** ease of access to, as well as clarity, comprehensiveness and comparability of public reporting. Governments could learn much from reviewing each other’s reports.
2. **Involve stakeholders** by establishing and resourcing meaningful citizen engagement in the development of goals and plans and monitoring of results. In particular, develop and implement a defined role for legislators as the primary users of public reports.

- 3. Focus on the few critical aspects of performance** to ensure that the most relevant and significant performance indicators for child care services are monitored and reported. These key indicators include parent fees, caregiver compensation and training, and percentage of children with access to regulated child care spaces.
- 4. Develop plans, with targets and benchmarks** for quality, affordability and accessibility of child care services, and then publicly report actual results compared to the plan.
- 5. Audit the public reports** to add credibility and increase public confidence.

To conclude, we suggest that this is a critical moment in the evolution of accountability for federal transfers to provinces and territories. The findings of this project demonstrate that the existing FPT public reporting does not currently meet community needs, nor does it fulfil either the accountability expectations outlined under the FPT Agreements or those recommended by the PSAB.

Whether or not public reporting on its own can ever provide sufficient accountability, as some propose, remains an open question. But one thing is crystal clear – in order for public reporting to make a meaningful contribution to accountability, FPT governments must expedite the implementation of key public reporting recommended practices.

Effective public reporting *Makes the Connections* between public policy, public funding and public accountability – all of which are essential to improving access to quality, affordable child care services in Canada.

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## PROJECT OVERVIEW

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*Child Care Policy: Making the Connections* is a project of the Child Care Advocacy Association of Canada (CCAAC). The CCAAC is a pan-Canadian, non-profit, membership-based organization dedicated to promoting quality, inclusive, publicly-funded, non-profit child care that is accessible to all. Through affiliates and member organizations, the CCAAC reaches more than 4,000,000 Canadians including parents, caregivers, researchers and students as well as women's, anti-poverty, Aboriginal, labour, social justice, disability and rural organizations at the provincial, territorial, regional, and pan-Canadian levels.

### CONTEXT

Over the last several years federal, provincial and territorial (FPT) governments have acknowledged the importance of public investment in young children, and the need for increased public funding to significantly improve access to quality, affordable early childhood services. As the evidence clearly shows, a comprehensive approach to early childhood development (ECD), with a system of regulated early learning and child care (in short, child care)<sup>1</sup> services as a foundation:

- Supports healthy child development and parents in all of their roles;
- Fosters women's equality;
- Builds communities; and
- Strengthens our economy.

Accordingly, three agreements between FPT governments have resulted in substantial new federal transfers to provinces and territories since 2001/02 to advance services and supports, including child care, for young children (under six) and their families:

1. 2000 Early Childhood Development (ECD) Agreement — supports investments in four areas: healthy pregnancy, infancy, and birth; parenting and family supports; early childhood development, learning and care (which typically includes child care services); and community supports.
2. 2003 Multilateral Agreement on Early Learning and Child Care (Multilateral) — specifically directs federal transfers to improving access to affordable, quality, provincially and territorially regulated early learning and child care programs and services.
3. 2005 (Bilateral) Agreements-in-Principle on Early Learning and Child Care — committed \$5 billion over 5 years towards a national child care system, working in cooperation with provinces and

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<sup>1</sup> The CCAAC uses the terms 'early learning and child care' and 'child care' interchangeably because quality child care includes early learning.



territories and building on the Multilateral Framework requirement to invest in regulated child care.<sup>2</sup> This FPT agreement was cancelled in 2006, and is not directly addressed in this report.<sup>3</sup>

It is important to note that these agreements represent political rather than legal commitments. Federal transfers under both the ECD and Multilateral Agreements (and more recently, the \$250 million annual federal transfer for child care spaces confirmed in the 2007 federal budget) flow (or will flow) annually to provinces and territories through the Canada Social Transfer, which does not have program-specific spending conditions attached to it.<sup>4</sup>

In a range of circles from the community to the Auditor General of Canada, questions have been raised about accountability for federal transfers. Without legal agreements or spending conditions in place, the ECD and Multilateral Agreements address accountability through commitments by FPT governments to produce annual public reports that describe each government's priorities, investments and progress. This approach to accountability relies on stakeholders reviewing these public reports and providing feedback to governments.

Annual reporting that promotes and elicits public feedback is not a new concept for governments. Year end financial reporting, for example, has long been an important component of public accountability. What *is* new is the suggestion, within the FPT agreements, that public reporting, on its own, provides sufficient accountability. This is a significant shift in approach. Traditional financial reporting occurs within a comprehensive accountability framework that requires information to be:

- Prepared in accordance with relevant standards (legislative standards, such as the federal government's *Financial Administration Act*, as well as applicable public standards, such as generally accepted accounting principles);
- In many cases, audited;
- Presented to the legislature; and
- Shared with the general public.

What we have now, under the FPT Agreements, is a sole reliance on public reporting. Therefore, components of the more comprehensive accountability framework are either missing or potentially weaker because:

- The standards related to public reporting are still under development. In 2006, a Statement of

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<sup>2</sup> For more information on the FPT Agreements related to child care, see MTC Fact Sheet #2 Part A: What are the Federal Provincial Territorial Agreements? [http://www.ccaac.ca/mtc/en/pdf/mtc\\_factsheet2a.pdf](http://www.ccaac.ca/mtc/en/pdf/mtc_factsheet2a.pdf). For details on federal transfers under these agreements, see <http://www.fin.gc.ca/fedprov/fsce.html>.

<sup>3</sup> During the term of this project, funding under the Bilateral Agreements was in place and therefore included in our discussions with communities and governments. Furthermore, some provinces have publicly reported on their investments under these agreements in 2005/06, so they are included in the financial analyses within this report. However, we were advised by Human Resources and Social Development Canada (HRSDC) that this project report should utilize only the public reporting standards currently in effect as the benchmark for this report.

<sup>4</sup> The \$250 million transfer in Budget 2007 will flow through the CST starting in 2008/09 (The Budget Plan 2007, p. 357). For a discussion of these points see The Budget Plan 2007, pages 354 & 358. (<http://www.budget.gc.ca/2007/pdf/bp2007e.pdf>), as well as comments by Shawn Tupper, Director General, Social Policy, Human Resources and Social Development Canada to the Standing Senate Committee on Social Affairs, Science and Technology. *Proceedings of the Standing Senate Committee on Social Affairs, Science and Technology*. Issue 24. June 7, 2007. [http://www.parl.gc.ca/39/1/parlbus/commbus/senate/Com-e/soci-e/24evb-e.htm?Language=E&Parl=39&Ses=1&comm\\_id=47](http://www.parl.gc.ca/39/1/parlbus/commbus/senate/Com-e/soci-e/24evb-e.htm?Language=E&Parl=39&Ses=1&comm_id=47).

Recommended Practice for Public Performance Reporting was issued, but recommendations do not have the same force as accounting standards.<sup>5</sup>

- The FPT Agreements do not have the same force as legislation.
- There is no requirement for the FPT public reporting to be audited or presented to the legislature.

The one element of the accountability framework that remains solidly in place in this approach is reporting to the public. This element relies on the public to utilize the reports to assess progress and provide feedback to government. Aside from questions about the public's ability to conduct such a review, we note that public reporting under the FPT Agreements requires the public to carry out this role without the usual 'accountability goalposts' in place: without standards, audits and a defined role for legislators.

Given that public reporting is now taking such a central place in the accountability process, and considering the heavy responsibility this places on the public, effective public reporting is more crucial than ever.

## GOALS

Within this context, the *Making the Connections* (MTC) project provides tools and resources to support stakeholders in their analysis of and commentary on the implications of child care policy and investments made under FPT agreements. The FPT public reporting forms the basis for our work.

As outlined in the agreements, this project considers both financial indicators (changes in investments) and non-financial indicators (for example, changes in number of child care spaces, parent fees or trained staff) that help stakeholders to advance and clearly track the progress on child care services. In other words, the project focuses on *Making the Connections* between the public policy, funding and accountability mechanisms that indicate improved and expanded access to quality, affordable and inclusive child care services. Ultimately, the project goal is to

build the capacity of the child care community, provincial and territorial governments, and other interested parties including communities, to better understand and comment on the implications of the development of Early Learning and Child Care (ELCC) policy investments ... In addition ... the project will strive to improve understanding of the process surrounding the financial analysis of government investments.<sup>6</sup>

## SCOPE

Introduced in November 2004, the project's mandate covers child care policy and funding developments (outside of Quebec)<sup>7</sup> under existing FPT agreements (such as the ECD and Multilateral) as well as those

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<sup>5</sup> Public Sector Accounting Board, Introduction to Statements of Recommended Practice (SORP) paragraph 3. "SORPs do not form part of generally accepted accounting principles. They are not prescriptive, but offer general guidance to encourage and assist public sector entities in effectively reporting relevant information that is useful in evaluating the entity's financial condition at the financial statement date and its financial and non-financial performance during the reporting period."

<sup>6</sup> Schedule A, Project Description, Contribution Agreement with Human Resources and Social Development Canada (HRSDC).

<sup>7</sup> As pointed out in the Multilateral Agreement, "While the Government of Québec supports the general principles of the Early Childhood Development Agreement and the Multilateral Framework on Early Learning and Child Care, it did not participate in developing these initiatives because it intends to preserve its sole responsibility on social matters. However, Quebec receives its share of federal funding and the Government of Québec is making major investments toward programs and services for families and children." See: [http://www.ecd-elcc.ca/en/elcc/elcc\\_home.shtml](http://www.ecd-elcc.ca/en/elcc/elcc_home.shtml). Since Quebec did not participate in the ECD and the Multilateral Agreements, it is not part of the analysis of the MTC project.

under any future new agreements. It is a three-year project funded by the federal government's Social Development Partnerships Program.

In addition to individuals, groups, and governments interested in child care services, the project is supported by a Steering Committee and Reference Group. The Steering Committee is comprised of representatives of the CCAAC's Council of Child Care Advocates, which provides both regional and pan-Canadian sectoral perspectives. The Steering Committee acts as a liaison between FPT groups and governments, and performs an information sharing, input, advice and feedback function. Reference Group members serve a technical or peer review function, bringing a range of expertise on child care policy analysis and financing, intergovernmental relations and community and citizen engagement.

The project works with all stakeholders – parents, caregivers, researchers, and other interested community members – because everyone has a role to play in developing an effective early learning and child care system within an integrated ECD strategy.

## APPROACH

The early stages of our project work involved an initial assessment of the public reports. We shared some of the weaknesses we observed – for example, in timeliness and ease of access – in our early meetings with and presentations to various governments and stakeholders. This work led us to develop tools and resources in three priority areas:

- 1. Federal transfers and the FPT Agreements** – we observed that the FPT Agreements were not broadly understood and, in particular, that the federal transfers provided to provinces and territories were not highly visible or clear to stakeholders. We developed a series of fact sheets to support the development of a shared understanding between stakeholders and governments regarding the opportunities for child care services created by the FPT Agreements and related federal transfers.
- 2. Child Care Planning** – we also observed that the public reports did not include comprehensive child care plans with budgets, timelines and performance benchmarks. Some reports included various elements of a plan, but none included all of the elements that stakeholders identified as important. We developed a Child Care Planning Checklist to assist stakeholders and governments in working together to develop a comprehensive child care plan.
- 3. Key System Indicators** – finally, we observed that there was a gap between the key system indicators that stakeholders believe are critical to tracking progress on child care services, and the indicators that governments are more typically tracking. Building on work undertaken in a previous project, we developed the Child Care System Implementation Model to facilitate the dialogue between stakeholders and government about the policy and funding approaches that are most likely to measurably improve access to quality, affordable child care services.

These tools and resources are all posted on our project web site.<sup>8</sup>

On an ongoing basis, we have been sharing our work with the Steering Committee and Reference Group, parents and communities, service providers, FPT governments, researchers, and academics. In March 2006 we held a national forum, which provided an opportunity to discuss the project materials in detail. Throughout the course of the project, we are developing new, and enhancing existing, community networks and partnerships.

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<sup>8</sup> MTC Fact Sheets can be accessed at: <http://www.ccaac.ca/mtc>

This report represents the final step in the project, as we now complete and share our detailed analyses of FPT public reporting related to child care services (Appendix I).

With the Making the Connections (MTC) project, we are creating a common framework for analysis of public reporting in order to confirm if the FPT Agreement commitments are met, and whether child care services are improving as a result. The common framework links the *words* used in public reports with the *results* achieved and evidence provided by both financial and non-financial information.

Based on the FPT Agreement commitments and a review of the existing public reports, we developed a high-level, simplified investment chart to track annual expenditures. This common framework for financial analysis was first drafted in the fall of 2005, using the federal government's annual reporting as an example, and has been used in various presentations, discussions and meetings with communities and governments since that time.

All figures in the investment charts (Appendix I) are taken directly from the FPT public reports. The figures are totalled and summarized in Appendix I to support the public in tracking the changes in investments from the baseline year to present (2000/01 to 2005/06). Blank areas in the investment chart indicate that the information is not available, or is not clear, consistent and/or comparable.

The total investment in ECD programs, including child care services, is broken down into two components: the federal transfers and the resulting provincial contribution. This component of the analysis supports the public in understanding the extent to which increased investments were funded through federal transfers and/or provincial contributions. The federal transfers not yet invested in ECD, including child care services, are also identified.

It is important to note that, at this point in our project, we did not follow up with individual governments to discuss the gaps in their public reporting and then try to fill in those gaps based on what would essentially be 'private' information. Primarily, that's because the goal of this specific project component is to analyze the extent to which available *public* reporting addresses the requirements of the FPT agreements.

However, in August 2007, FPT governments received the standardized template used to summarize our financial analysis.<sup>9</sup> And, in order to support ongoing dialogue between stakeholders and governments about public reporting, we are providing our detailed financial analyses to FPT Directors and the CCAAC Director in each jurisdiction.

We also turned to the publicly reported non-financial indicators to assist in assessing the progress on early learning and child care services, particularly for availability, affordability and quality as outlined in the Multilateral Agreement. All of our analyses were submitted to an external reviewer, Gordon Gray, CGA, whose report is included in Appendix 2.

As elaborated later on, in order to evaluate the reporting we considered the requirements set out in the FPT agreements themselves, as well as those of the Public Sector Accounting Board (PSAB). The PSAB is a body, independent from government, which sets accounting standards that are developed over time through consultation with governments. PSAB's goal is to influence public sector reporting so it can be understood and trusted by the public.<sup>10</sup>

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<sup>9</sup> The Open Letter to Ministers and FPT Staff Responsible for Early Childhood Development, Learning and Care (ECDLC) Services, August 2007, can be accessed at: <http://www.ccaac.ca/mtc/en/pdf/Open%20Letter%20Aug%207%20ENG.pdf>

<sup>10</sup> For more information, see: Chartered Accountants of Canada, "About PSAB," [http://www.cica.ca/index.cfm/ci\\_id/1053/la\\_id/1.htm#PSAB](http://www.cica.ca/index.cfm/ci_id/1053/la_id/1.htm#PSAB).

Relevant guidelines are outlined in the PSAB's September 2006 Statement of Recommended Practice, *Public Performance Reporting* (SORP-2) and in its "Guide to Preparing Public Performance Reports." The latter document helpfully explains for both governments and the public the features of public performance reports that suggest if the recommended practices are, or are not, being applied. These guidelines provided a useful lens for our analysis.

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## PUBLIC REPORTING – ANALYSIS

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### **GOVERNMENT COMMITMENTS: TWO KEY QUESTIONS**

Under the FPT agreements governments made overarching commitments to:

- *Improve* and *expand* ECD programs for Canadian families, including child care services; and
- *Provide clear reporting* so that the public can track progress towards this broad goal.

Therefore, our assessment of public reporting seeks to answer two basic questions related to governments' commitments:

1. Can progress be clearly tracked through the public reporting?
2. Have there been improvements in ECD, including child care services?

The following section of the report starts with an assessment of progress tracking and ends with an analysis of the evidence of improvement in ECD.

### **1) CAN PROGRESS BE CLEARLY TRACKED THROUGH THE PUBLIC REPORTING?**

This project is based on the idea that public reporting is vital to accountability. We agree with FPT governments that: “Clear public reporting will enhance accountability and will allow the public to track progress in improving the well-being of Canada’s young children.”<sup>11</sup> However, our preliminary review of public reporting under the FPT agreements<sup>12</sup> indicates several challenges for the public in clearly tracking the progress on child care.

#### **Specific Requirements: FPT Agreements**

First and foremost, we consider the extent to which governments have met the specific performance and reporting commitments they agreed to under the ECD and Multilateral Agreements.

As part of the ECD Agreement, governments signed on to a “Shared Framework for Reporting on Progress in Improving and Expanding Early Childhood Development (ECD) Programs and Services.”<sup>13</sup> Through this framework, governments made a number of important commitments to help ensure accountability to their publics. In the framework, FPT governments lay out their shared principles – namely a respect for the

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<sup>11</sup> First Ministers’ Meeting Communiqué on Early Childhood Development, September 11, 2000. [http://www.ecd-elcc.ca/en/ecd/ecd\\_communique.shtml](http://www.ecd-elcc.ca/en/ecd/ecd_communique.shtml).

<sup>12</sup> While our analysis includes the territories, we have not emphasized their reporting in this section because: (1) we had very limited capacity to engage with territorial communities and governments and (2) public performance reporting is still in its relatively early stages and we want to respect differing capacities to be able to implement the recommended practices. As noted previously, Quebec is not included in our analysis.

<sup>13</sup> For complete text of the Shared Reporting Framework, see: [http://www.ecd-elcc.ca/en/ecd/ecd\\_sharedframe.shtml](http://www.ecd-elcc.ca/en/ecd/ecd_sharedframe.shtml)

diversity of jurisdictions, a pledge to improve reporting over time, and an agreement to consult with third parties on indicators and progress “as appropriate.” In addition, they agreed that in their reporting, which would take place annually, they would:

- Acknowledge the federal contribution;
- Report on *changes* in expenditures from the previous year;
- Report on investments in the 4 ECD areas;
- Describe the programs, including: objectives, target population, program description, department(s) responsible, and delivery agent(s);<sup>14</sup> and
- Report on program indicators: expenditures (*changes* from previous year), availability (number of children served, number of families served, and/or number of program “spaces” or equivalent, number of program sites); accessibility (increase in the percentage of the target population served, change in the socio-demographic profile of the client population); affordability (changes in the fee and/or subsidy structures of the relevant programs); quality (improvement in the education/training of service providers, increases in wage rates, increases in provider-to-client ratios, increases in client satisfaction).<sup>15</sup>

Furthermore, under the Multilateral Agreement governments made specific performance and reporting commitments from 2002/03 onwards related to early learning and child care services. They agreed to provide public reports with descriptive and expenditure information on all early learning and child care programs and services, as well as indicators of availability, affordability and quality (specific indicator requirements are explained later in this report).<sup>16</sup>

### **General Requirements: Public Performance Reporting**

Since the focus of our project is child care services, this report pays particular attention to the extent to which governments meet the Multilateral Agreement commitments and related reporting requirements. But these commitments and requirements do not exist in a vacuum. The FPT agreements call for “clear public reporting”. While this phrase is somewhat general, clarity in public reporting has a long history and is broadly understood to include information that is relevant, timely, consistent and comparable. More specifically, FPT agreement requirements for comparable indicators and third party consultation relate to public performance reporting guidelines that have been developing over the last ten years in Canada.

As noted in our description of the project approach, the most current guidelines issued by the Public Sector Accounting Board (PSAB) have informed our analysis. The PSAB recommendations emphasize that clear public reporting is easily accessible and identifiable and contains information that is reliable, valid, relevant, fair, comparable, consistent and understandable. Clear public reporting should focus on critical performance measures and demonstrate a link between planned and actual results and between financial and non-financial information.<sup>17</sup>

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<sup>14</sup> In addition, governments can report on optional information such as intersectoral linkages, consultation and community involvement, community capacity-building, voluntary or private sector participation, program evaluation findings, program models, pilot project results, changes in regulatory environment, and capital and/or infrastructure investments

<sup>15</sup> “Federal/Provincial/Territorial Communiqué on Early Childhood Development - Shared Framework for Reporting on Progress in Improving and Expanding Early Childhood Development (ECD) Programs and Services,” [http://www.ecd-elcc.ca/en/ecd/ecd\\_sharedframe.shtml](http://www.ecd-elcc.ca/en/ecd/ecd_sharedframe.shtml)

<sup>16</sup> “About the Federal/Provincial/Territorial Multilateral Framework on Early Learning and Child Care”, March 2003. <http://www.ecd-elcc.ca/en/elcc/about.shtml>.

<sup>17</sup> Public Sector Accounting Board (PSAB), *Public Performance Reporting: Guide to Preparing Public Performance Reports*, May 2007. p. ii. [http://www.psab-ccsp.ca/client\\_asset/document/3/7/6/9/0/document\\_6BFB4803-CED5-093C-93BC611D9BC5AB38.pdf](http://www.psab-ccsp.ca/client_asset/document/3/7/6/9/0/document_6BFB4803-CED5-093C-93BC611D9BC5AB38.pdf).

We use key elements of these recommended practices to assist in our assessment of FPT reporting because they:

- Help to explain the technical terms used in the FPT agreements;
- Were developed over time with government input, and therefore are generally accepted by governments as guidelines to work towards; and
- Increase the objectivity of our assessment.

Together, the FPT agreements and the PSAB guidelines provide the foundation for our determination of the extent to which the progress on child care services can be clearly tracked using public reports.<sup>18</sup>

## Observations

We have summarized our observations regarding government's public reporting into two broad areas: i) ease of access and ii) clarity, comparability and comprehensiveness of reporting.<sup>19</sup> These observations are followed by our assessment of the extent to which the specific reporting requirements of the FPT Agreements have been met.

### i) Is the Reporting Easily Accessible?

Accessing the annual reporting information appears to require internet access and skills, which are not available to all Canadians.<sup>20</sup> For instance, Aboriginal organizations have noted that the internet is an inaccessible medium for the majority of Aboriginal peoples who do not have access to computers or the internet. Furthermore, the Household Internet Use Survey, conducted by Statistics Canada in 2004, found that only 59.1% of Canadians used the Internet from home to access government information, and another 2004 survey by Comscore Media Metrix, found significant regional differences in internet access and use across Canada.<sup>21</sup> In order to provide information more broadly to parents, service providers, and other community members, governments are encouraged to explore a range of reporting formats. In fact, one of the key indicators of access, according to the PSAB, is that public reports are available in both electronic and paper copies.<sup>22</sup>

The PSAB also suggests that accessible public reports require *working* and *direct* website links, which raises more questions about the ECD/Multilateral Agreement reporting. Even if one has regular internet access, reports and information are not always easy to find or access for a number of reasons including:

- The links from the main federal ECD/ELCC website (<http://www.ecd-elcc.ca/>) to several provincial and territorial sites are not kept up to date.
- The links from the federal site do not always lead directly to the provincial/territorial reports – they may only lead to the relevant provincial/territorial ministry, so additional searching is often needed.

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<sup>18</sup> It is possible that some of the issues identified with public reporting have been addressed now. Our analyses and observations are based on FPT public reporting as of August 28, 2007.

<sup>19</sup> For instance, timeliness of reporting falls under “ease of access”, ability to follow changes to programs from year to year fall under “clarity” and/or “comparability” and extensiveness of reporting on program indicators fall under “comprehensiveness”.

<sup>20</sup> While most FPT reports on-line indicate that hard copies are available, this requires *initial* internet access in order to request a paper copy.

<sup>21</sup> Public Works and Government Services Canada. <http://www.pwgsc.gc.ca/onlineconsultation/text/statistics-e.html>

<sup>22</sup> Public Sector Accounting Board (PSAB), *Public Performance Reporting: Guide to Preparing Public Performance Reports*, May 2007. p.1. [http://www.psab-ccsp.ca/client\\_asset/document/3/7/6/9/0/document\\_6BFB4803-CED5-093C-93BC611D9BC5AB38.pdf](http://www.psab-ccsp.ca/client_asset/document/3/7/6/9/0/document_6BFB4803-CED5-093C-93BC611D9BC5AB38.pdf).



- Some reports have been removed from the site, in some cases temporarily, but in other cases, permanently. The links to some reports have been removed.
- Several provincial reports are available only in English, and do not seem to be available in accessible formats for people with visual disabilities.
- Once reports are found, many are quite long and PDF files take time to download, especially those with a lot of pictures. For example, Alberta's 2003/04 report is 44 pages long, and 13 of those pages contain pictures on at least one half of the page. In our community meetings, rural participants expressed concerns about accessing reports with dial-up service. Such reports can also be costly for parents and caregivers to print out. In addition, community members frequently tell us that they simply do not have the time to read reports that are 50+ pages. Lengthy, detailed reports are important for some stakeholders, such as researchers. Others may be looking for a brief summary of the key policy and investment changes and the resulting achievements.
- Many reports are not released on a timely basis, are not dated, or are not clearly dated. Under the ECD Agreement, reports are to be published in September each year, and under the Multilateral, in November. Few governments have consistently achieved this goal. For instance, although the federal government's reports are now up to date, the 2004/05 and 2005/06 combined report was released in August 2007.<sup>23</sup>

Late reporting is common and it is a significant concern in Canada because a lack of timeliness affects the usability and relevance of a report.<sup>24</sup> It was clear from our work in this project that communities want to know about and discuss child care services in the here and now. There was little interest in older reports and disappointment that up to date information was not available.

## ii) Is the Reporting Clear, Comprehensive and Comparable?

Other central standards of public reporting, as outlined by the PSAB, relate to clarity, comprehensiveness and comparability. The PSAB notes that in effective public reporting: information is complete (i.e. whenever possible, information is not missing); financial and non-financial information are clearly linked; trends are visible and information is unbiased.<sup>25</sup>

The ECD/Multilateral reporting does not always meet these standards. As a result, project staff spent over 30 hours analyzing some governments' reporting, trying to extract both financial and non-financial information that was not clearly and consistently presented and summarized in a way that was comparable from year to year. These concerns were also reflected in feedback from a range of stakeholders – including parents, child care workers and academics – who view the reports as too long, confusing and

<sup>23</sup> In his June 2007 comments to the Standing Senate Committee on Social Affairs, Science and Technology, Shawn Tupper, Director General, Social Policy, Human Resources and Social Development Canada acknowledged the problem of late reporting across FPT governments. He advised, however, that governments have confirmed their commitment to public reporting. See: *Proceedings of the Standing Senate Committee on Social Affairs, Science and Technology*. Issue 24. June 7, 2007. [http://www.parl.gc.ca/39/1/parlbus/commbus/senate/Com-e/soci-e/24evb-e.htm?Language=E&Parl=39&Ses=1&comm\\_id=47](http://www.parl.gc.ca/39/1/parlbus/commbus/senate/Com-e/soci-e/24evb-e.htm?Language=E&Parl=39&Ses=1&comm_id=47). Indeed, several public reports have been posted since June 2007.

<sup>24</sup> For instance, the CCAF-FCVI found that “a lack of timeliness in releasing information undermines Canada's system of government, hurts public trust, and limits accountability” (38). See CCAF-FCVI, *Users & Uses: Towards Producing and Using Better Public Performance Reporting: Perspectives and Solutions*, 2006. The CCAF-FCVI was previously called the Canadian Comprehensive Auditing Foundation – La Fondation canadienne pour la vérification intégrée and is now known as the CCAF-FCVI Inc.

<sup>25</sup> Public Sector Accounting Board (PSAB), *Public Performance Reporting: Guide to Preparing Public Performance Reports*, May 2007. pp. 4, 5, 12. [http://www.psab-ccsp.ca/client\\_asset/document/3/7/6/9/0/document\\_6BFB4803-CED5-093C-93BC611D9BC5AB38.pdf](http://www.psab-ccsp.ca/client_asset/document/3/7/6/9/0/document_6BFB4803-CED5-093C-93BC611D9BC5AB38.pdf).

difficult to understand. One of this project's goals is to help communities to understand public reporting, but our experience indicates that not all reports are understandable.<sup>26</sup>

Some provinces (Alberta, Ontario, Prince Edward Island, Saskatchewan) do not provide complete baseline ECD and/or child care expenditure information, or do so inconsistently. Without a baseline, overall progress and use of federal transfers cannot be tracked and confirmed.

While federal transfers are generally acknowledged in the report text, the federal financial contribution is often not clearly reflected in the financial reporting section.

Some reports are outright confusing. For example, the words and/or investment levels described in the text of the report do not match the descriptions and/or investments shown in the financial section of the same report, or related information from previous years. Two examples can be drawn from the public reporting. First, in Alberta's 2003/04 report the program descriptions and expenditures (pages 36-39) are not all clearly comparable to the table listing the previous year's programs (page 42). Another example is found in New Brunswick's 2002/03 reporting, where the financial information shown in the text (pages 4-13) does not appear to be consistent with the table summarizing these investments (page 14). The following table summarizes this discrepancy:

**Comparison of New Brunswick ECD Agenda Summary of Expenditures for 2002/03\***

	(\$ 000's)	per Table p. 14	per Text pp. 4-13
Prenatal Benefit Program		920	1,800
Enhanced child day care services (training & working conditions)		3,950	3,950
Children's Support Program (transition houses) (intro Dec/01)		400	400
Communities Raising Children/Excellence in Parenting		800	550
EC Initiatives Enhancements – Early Intervention, Integrated Daycare, Inf/Parent Attach		1,700	1,672
Talk with me/Parle-moi Early language program		1,330	1,330
Administration & program support		600	not included
<b>Total reported</b>		<b>9,700</b>	<b>9,702</b>

\* All figures as reported in *Greater Opportunities for New Brunswick Children: An Early Childhood Development Agenda, Investments and Outcomes* (2002-03)

Furthermore, comparable investment information is not always provided, so the investments may be difficult to track from year to year. The PSAB suggests that one indication of reporting that does *not* meet the standards of being comparable and consistent is that:

Performance information changes from period to period and inhibits the user's ability to identify trends. Continuous improvement of performance information is desirable, but there is a need for some fundamental consistency between reports.<sup>27</sup>

<sup>26</sup> This seems to be a common issue with public performance reporting. The CCAF-FCVI's study found that legislators, the public, non-governmental organizations (NGOs) and the media have made similar observations about the clarity and usability of public performance reports (pp. 14-15, 29, 31, 38, 43).

<sup>27</sup> Public Sector Accounting Board (PSAB), *Public Performance Reporting: Guide to Preparing Public Performance Reports*, May 2007. p. 5. [http://www.psab-ccsp.ca/client\\_asset/document/3/7/6/9/0/document\\_6BFB4803-CED5-093C-93BC611D9BC5AB38.pdf](http://www.psab-ccsp.ca/client_asset/document/3/7/6/9/0/document_6BFB4803-CED5-093C-93BC611D9BC5AB38.pdf)

Also, reporting templates vary significantly across governments. Some governments separate other ECD programs from child care services (for example, Ontario), attributing federal transfers under the ECD Agreement to the former and transfers under the Multilateral and Bilateral Agreement to the latter. Others report on total ECD programs, including child care services (for example, Manitoba, Newfoundland and Labrador), in which case the federal transfers may also be combined.

British Columbia combines other ECD and child care expenditures in the early years of public reporting and then separates them in the later years. British Columbia's financial information appears to be relatively clear, comparable and consistent throughout the entire reporting period. However, the separation of early learning and child care services from other ECD programs from 2002/03 onwards raises questions about the information provided, and highlights the importance of explanatory notes to support the public's ability to clearly track progress.

Specifically, British Columbia's 2002/03 public report indicates that child care subsidies decreased from \$101.8 million in 2000/01 to \$78.2 million in 2002/03. No explanation is provided for this decrease. Subsequent public reports, which separate early learning and child care services from other ECD programs, indicate that child care subsidies for 2002/03 were \$46.6 million. Again, no explanation is provided for this adjustment. It may be that the investment in child care subsidies from 2002/03 onwards is calculated using different criteria than the subsidies in earlier years, such that the financial information is not as comparable as it appears to be. If that's the case, the financial story told in British Columbia's existing public reports requires clarifying or explanatory notes.

The FPT agreements allow for diverse approaches, which supports provincial and territorial autonomy, but fundamental differences across reporting means it is much more difficult for the public to track the progress on child care investments in some jurisdictions than in others.

We also note that some jurisdictions (for example, the federal government) do not consistently total the financial information, so the public is unable to easily see and compare overall trends in total investments.

The FPT Agreement requirements themselves allow for unclear reporting. This can be seen in both the ECD and Multilateral Agreements,<sup>28</sup> which permit governments to report only on their chosen "priorities". As a result, some reporting appears to be skewed in favour of good news, providing no explanation of apparent funding and/or service reductions. This approach is at odds with community expectations and the PSAB's guidelines stating that reporting be unbiased. This is also unfortunate because when key information is missing, or when expenditure reductions are not explained, the credibility of public performance reporting – already a widely recognized concern – is further diminished.<sup>29</sup>

The federal government's most recent public report provides an interesting example of both sides of this point. On the one hand, their report clearly and comparably includes all programs from previous years, even those that have been discontinued, and generally includes an explanation for any expenditure reductions.

On the other hand, the federal governments' 2004/05 and 2005/06 combined public report does not

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<sup>28</sup> According to the ECD Agreement, "Each government will report annually, using the shared framework, on the activities that they have selected as priorities for investment." ([http://www.ecd-elcc.ca/en/ecd/ecd\\_sharedframe.shtml](http://www.ecd-elcc.ca/en/ecd/ecd_sharedframe.shtml)) and the MLF, "Each government will determine its priorities within this initiative." ([http://www.ecd-elcc.ca/en/elcc/elcc\\_multiframe.shtml](http://www.ecd-elcc.ca/en/elcc/elcc_multiframe.shtml))

<sup>29</sup> The CCAF-FCVI makes this point as well. Their findings reveal that legislators, citizens, NGO's [Non-Government Organizations] and the media believe that public performance reports read like public relations tools and lack credibility (pp. 17, 27, 32, 38, 42). For instance, some legislators commented that reports put information "in the 'best light' and tend to 'smooth out the bumps' too much" and give citizens the impression that they are "being spun all the time" (pp. 17, 32). NGOs and the media were also concerned about "spin" (pp. 38, 42).

include clear information on a significant federal transfer that occurred during this time period. The report describes federal transfers to provinces and territories under the ECD Agreement (pp. 1, 3-4) and Multilateral Agreement (pp. 1, 51-52) totalling \$500 million and \$300 million respectively in 2005/06. In addition, this public report describes future transfers of \$250 million committed in Budget 2007 (p. 2). However, there is no mention of the now-terminated Bilateral Agreements on Early Learning and Child Care, which were introduced by a previous government and transferred \$700 million to provinces and territories in 2004/05 and 2005/06 combined.

At the same time, it is also important to note that some public reports have already moved beyond the specific requirements in the ECD/Multilateral agreements to include some of the PSAB recommendations. For example, Newfoundland and Labrador, Nova Scotia, and the federal government already incorporate PSAB recommendations to show trends over time in that their recent reports provide a table(s) showing the baseline and subsequent annual investments by ECD program. Furthermore, the federal government's most recent report suggests movement towards a PSAB recommendation to consider an external audit opinion on the public performance report. The 2004/05 and 2005/06 combined federal government report indicates that "significant effort has been made to obtain Comptroller or Senior Financial Advisor approval of expenditures in this report" (p. 5). We support an external audit approach, and will return to it in our recommendations below.

### **Assessment: Have the FPT Agreement Conditions Been Met?**

To this point, we have provided both general and specific observations on the existing public reports, showing how they either support, or detract from, clear reporting that allows the public to track progress. We conclude this section by assessing the extent to which the specific requirements of the ECD/ Multilateral Agreements have been met.

We start by explaining the performance and related reporting commitments made under these agreements and then list the public expectations arising from these requirements. Next, we summarize the findings of our individual analyses of the FPT reports, as shown in Appendix I, in relation to these expectations. Our conclusion follows.

#### **Public Reporting Requirements:**

Under the Multilateral Agreement governments made specific performance and reporting commitments from 2002/03 onwards related to early learning and child care services. For example, governments agreed "to further invest in provincially/territorially regulated early learning and child care programs for children under six." They agreed to "publicly recognize and explain the respective roles and contributions of governments to this initiative" and to use the federal transfers to improve "access to affordable, quality early learning and child care programs and services", providing evidence of progress achieved by publicly reporting:

- "Descriptive and expenditure information on all early learning and child care programs and services;
- Indicators of availability, such as number of spaces in early learning and child care settings broken down by age of children and type of setting;
- Indicators of affordability, such as number of children receiving subsidies, income and social eligibility for fee subsidies, and maximum subsidy by age of child; and
- Indicators of quality, such as training requirements, child/caregiver ratios and group size, where available."<sup>30</sup>

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<sup>30</sup> See: "Multilateral Framework Agreement on Early Learning and Child Care" at [http://www.ecd-elcc.ca/en/elcc/elcc\\_multiframe.shtml](http://www.ecd-elcc.ca/en/elcc/elcc_multiframe.shtml).

All governments except Ontario included at least some early learning and child care programs as part of their ECD investments as well, so similar reporting requirements for child care services apply to the 2000/01 (baseline) and 2001/02 time periods.

**Public Expectations:**

1. Early learning and child care programs and services from 2000/01 baseline through 2005/06 clearly identified (Ontario – 2002/03 onwards).
2. Explanatory notes as required to clearly define the provincially/territorially regulated early learning and child care services included in the public reports, and the methodology utilized to determine the proportion of those services applicable to children under six.
3. Both financial and descriptive information provided on individual programs, and the total investment in child care services is shown.
4. The total investment is broken down by funding source, showing how much is contributed from federal transfers and how much from the province or territory.
5. On an annual basis, the total investment in child care services increases by at least the amount of the federal transfers – or, reports acknowledge the extent to which federal transfers have not yet been invested in ECD/child care services, where applicable, and describe a plan to invest these funds in the future.
6. Comparative indicators of availability, such as number of spaces from baseline 2000/01 through 2005/06 (6 years in total), are included.<sup>31</sup>
7. Comparative numeric indicators of affordability are included, such as number of children or families receiving subsidies, and/or comparative descriptive information on the subsidy program (e.g. changes in eligibility levels and criteria) for a minimum of four years (2002/03 through 2005/06). Where improved affordability was the objective of an investment in 2001/02 under the ECD Agreement, these and other indicators, such as changes in fees, are included.
8. Comparative numeric indicators of quality, such as number of professional staff, and/or comparative descriptive information such as training requirements, child/caregiver ratios and group size (where available) for a minimum of four years (2002/03 through 2005/06). Where improved quality was the objective of an investment in 2001/02 under the ECD Agreement, these and other indicators, such as increases in wage rates and client satisfaction, are included.

**Findings:**

- Of the 13 jurisdictions reviewed, 8 are missing reports for one or more years so the public cannot track all of the federal transfers and investments in child care services through 2005/06 for Alberta, Newfoundland and Labrador, New Brunswick, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island and the Yukon.
- Of the 5 remaining jurisdictions with public reporting available through 2005/06, 3 have information gaps that mean the public cannot clearly track all of the federal transfers and investments in child care services through 2005/06 in Ontario, Saskatchewan and the federal government.
- The remaining jurisdictions, British Columbia and Manitoba, provide information that allows the public to track total investments in child care services through 2005/06. However, these

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<sup>31</sup> See above. Also, where child care is included under ECD reporting, the Shared Framework specifically requires governments to report on the availability of ECD programs.

jurisdictions do not meet the public reporting requirements because:

- i. While the 2005/06 federal transfers related to the Bilateral Agreements are acknowledged, the extent to which they were utilized is not clearly shown in either provincial report. Our analysis of the public reports indicates that both provinces have unspent federal transfers related to the Bilateral Agreements in 2005/06 (Manitoba – \$3.2 million; British Columbia – \$75.7 million), but the reports do not include this calculation or explain how these funds will be invested in the future.
- ii. In their 2005/06 reports, neither province includes a clear definition of the regulated early learning and child care services that are funded under the Multilateral Agreement, or the methodology for determining the proportion of expenditures related to children under six.
- iii. The financial tables in each of the British Columbia reports do not meet the requirement of showing how much of the total investment comes from federal transfers and how much from the province.
- iv. The Manitoba reports do not meet the requirement of providing expenditure information by individual program.

Regarding indicators of availability:

- Of the 13 jurisdictions reviewed, only Ontario fully meets this reporting requirement. The federal government's report is very close, as it provides information on spaces (or, similarly, number of children served) for most of its directly funded programs (2005/06 information not available for Aboriginal Head Start).
- Manitoba provides this information through 2004/05 (5 years).
- New Brunswick, Nunavut and Saskatchewan each provide 4 years of comparable data, Northwest Territories provides three, and Alberta and Yukon provide two years of data.
- Newfoundland and Labrador, Nova Scotia and Prince Edward Island do not provide any comparative information on availability.
- British Columbia provides 4 years of comparative information showing growth in the number of spaces receiving contributions from the child care operating fund, but not on the actual number of spaces available.

Regarding indicators of affordability:

- Only Ontario provides indicators of affordability throughout the required reporting period, as it lists the number of children receiving fee subsidies in the regulated child care system.
- Manitoba provides information on numbers of children receiving subsidized child care, as well as comparative fee and operating grant information, for 2001/02 through 2004/05.
- British Columbia, Saskatchewan and Newfoundland and Labrador provide information on number of subsidies for 4 years, while New Brunswick reports this information for 3 years.
- Nunavut reports on number of subsidy applications approved for two years, and Yukon reports on average/median monthly fees for two years.
- Alberta, Northwest Territories, Nova Scotia, and Prince Edward Island do not provide comparative numeric information on affordability.

- The federal government does not provide numeric information on affordability, but some descriptive information is included.

Regarding indicators of quality:

- Manitoba provides 4 years of data (through 2004/05) on the number of trained, centre-based Early Childhood Educators, while Nova Scotia provides information for the same time period on the number of staff and facilities that received wage enhancement grants. Newfoundland and Labrador provides similar information for three years (through 2003/04).
- British Columbia provides 4 years of data on the number of workshops/courses held as well as participants.
- New Brunswick provides 3 years of data on average licensed child care staff wages, while Yukon provides 2 years of data on training and hourly wages.
- Northwest Territories provides 3 years of data on the number of Language Nest programs.
- Alberta provides 2 years of data on certified staff providing child care.
- Nunavut, Ontario, Prince Edward Island, Saskatchewan and the federal government do not provide comparative numeric information on quality, although Prince Edward Island's reporting includes a chart with baseline and second observation results of a quality improvement program.
- Ontario, Prince Edward Island and the federal government provide descriptive information on quality in their most recent reports.

## CONCLUSION

**Specifically in regards to early learning and child care we conclude that none of the jurisdictions reviewed have met all of the public reporting requirements under the ECD/Multilateral Agreements. While Manitoba and the federal government stand out as having relatively strong public reports that meet many of these requirements, the majority of provincial and territorial reporting is deficient in multiple areas.**

## 2) HAVE THERE BEEN IMPROVEMENTS IN ECD, INCLUDING CHILD CARE SERVICES?

### Requirements

The public reports include some descriptive information (words) as well as financial and non-financial indicators (numbers) as evidence of improvements in quality, availability and/or accessibility and affordability of ECD programs, including child care services. We assess this evidence first on its own merits and then, in regards to child care services, from a community perspective.

Considering CCAAC's role as a third party in assessing progress:<sup>32</sup>

- We draw from the CCAAC's own compatible commitment to improving and expanding child care

<sup>32</sup> Not only is the role of third parties such as the CCAAC acknowledged in the FPT Agreements, the importance of such a role is explicitly recognized in the Public Sector Accounting Handbook's Statement of Recommended Practice (SORP-2) for Public Performance Reporting, which states that "the primary users of the public performance report are elected officials and the public they represent. Their perspectives are important in considering what to report and how to report it (Paragraph 11)." Further, "other external users ...include...key intermediaries such as advocacy groups and the media who play an important role in the public policy, communications and accountability processes (Paragraph 12)".



programs and services in Canada based on the indicators set out in the FPT agreements.<sup>33</sup>

- We gather communities' understanding of improvement and expansion, which is central to the MTC project's mandate and process. The CCAAC (a national organization) works with communities across the country in their local and regional contexts, and it is well understood that "having a good understanding of users' perspectives will contribute to the usefulness of these reports."<sup>34</sup>

In the following section we examine the evidence of progress in improving and/or expanding access to income supports for families, other ECD programs and child care services. For each of these investment areas, we consider both descriptive information on improvements as well as supporting numeric evidence.

## Observations

### Income Supports

Public reporting of ECD investments that are paid directly to parents and are intended to supplement or replace income are categorized in our investment chart (Appendix I) as income supports. While these payments may have specific goals attached (e.g. supporting improved nutrition) it is generally up to parents to decide how to spend these funds.

From a financial perspective at least, the most significant ECD investment in Canada is an income support program: maternity and parental benefits.<sup>35</sup> The federal government's 2003/04 ECD report describes substantial improvements to this program. Since December 31, 2000 the combined benefit entitlement has increased from 25 to 50 weeks (page 31). The related public investment has also increased from \$1.25 billion in 2000/01 to \$2.97 billion in 2005/06 (2005/06, p.6), demonstrating that maternity and parental benefits have received the highest increase in public investment of any program publicly reported on since the 2000/01 baseline. Despite the significance of this investment, maternity and parental benefits are not particularly highlighted in the federal government public reports. The descriptive information provided is similar in length and detail to other federally funded programs.

Where income supports are provided by provinces and territories, they are generally paid to lower and modest income families (e.g. Ontario). Nutrition-related allowances are provided in Newfoundland and Labrador and New Brunswick, and Manitoba has restored the full amount of the National Child Benefit Supplement for children whose parents receive income assistance benefits.

### ECD Programs, other than child care services

Across the country, public reports celebrate the introduction or expansion of a broad range of programs that promote healthy pregnancy and early childhood, support families to parent, strengthen community supports, and advance early learning since federal transfers for ECD began in 2001/02. We also note that both Manitoba and Alberta began to implement ECD initiatives prior to 2001/02, and public reports show that their provincial contributions increased prior to the 2000/01 ECD Agreement baseline year. Descriptive information in the public reports indicates that availability, accessibility and affordability are priority areas for these ECD investments:

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<sup>33</sup> The CCAAC works toward a *quality* and *universal* child care system. "Universality" encompasses three objectives identified in the FPT agreements – accessibility, affordability, and inclusion. A system that has all three of these elements will essentially be universal.

<sup>34</sup> Public Sector Accounting Board (PSAB), *Public Performance Reporting: Guide to Preparing Public Performance Reports*, May 2007. p. 3. [http://www.psab-ccsp.ca/client\\_asset/document/3/7/6/9/0/document\\_6BFB4803-CED5-093C-93BC611D9BC5AB38.pdf](http://www.psab-ccsp.ca/client_asset/document/3/7/6/9/0/document_6BFB4803-CED5-093C-93BC611D9BC5AB38.pdf)

<sup>35</sup> Frequently, we found a lot of sensitivity about this point in the community, with many emphasizing that this program is funded by employers and employees through payroll taxes, rather than from government's general revenue.



**Availability and Accessibility**<sup>36</sup> — By far the biggest emphasis in the public reporting on ECD other than child care services is on improved and expanded availability of and access to programs. Several new universal programs have been introduced, notably in the areas of early literacy and supports to families in their parenting roles. For many other pre-existing programs, the public reports describe expanded access for targeted groups such as children with disabilities, lower income families, and Aboriginal communities.

**Affordability** — Affordability is rarely mentioned in relation to ECD programs (other than child care services). Public reports do not provide specific program fee or subsidy structure information for these programs. In fact, we conclude that affordability is a priority for other ECD services because the public reports indicate that federal transfers have been used to introduce or expand ECD programs (other than child care services) with minimal or no user fees. These programs are substantially publicly funded.

**Quality** — While the public reports contain some information related to quality improvements in other ECD programs (e.g. education & training, policy and standard development), the public reporting suggests that this has not been a primary objective of investment in most jurisdictions.

It is beyond the scope of our project to conduct an in-depth analysis of ECD programs, other than child care services, and link the descriptive information to numeric evidence of progress (financial and non-financial indicators). Furthermore, the incomplete public reporting described in the previous section also applies to other ECD programs and services: without up-to-date reporting the public cannot track the overall progress on ECD services through 2005/06. However, **a brief review of the non-financial indicators that have been reported on, as well as the financial information that can be determined, affirms the descriptive information: federal transfers have resulted in improvement and/or expansion trends in ECD programs other than child care services.**

### **Early Learning and Child Care Services**

With child care services, relative to other ECD programs, descriptive information in the public reports show that federal transfers have generally been focused on a narrower range of specific public policies that aim to improve the quality of existing child care spaces and, to a limited extent, affordability and expanded access through new spaces. In the following section we link this descriptive information to the supporting evidence provided by financial and non-financial indicators. **Again, we need to stress that since no jurisdictions have complete and up-to-date reporting of both financial and non-financial information, we are unable to confirm overall progress on improved access to quality, affordable child care services through 2005/06. Therefore, our analysis is limited to an examination of the evidence suggesting progress trends.**

**Quality** — Policy and funding that aims to improve child care quality has been a primary focus of investment in most jurisdictions. Several reports describe recruitment and retention of qualified staff as a critical issue related to quality. The child care community echoes these concerns, and corroborating evidence abounds.<sup>37</sup> Research consistently shows that child care worker compensation is a key indicator of quality. As a result, several provinces have introduced or expanded direct funding to programs or staff, specifically tying these funds to improved wages and usually to professional training as well (Alberta, Manitoba, Newfoundland and Labrador, New Brunswick, Nova Scotia, Yukon).<sup>38</sup>

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<sup>36</sup> We have placed these in the order that they were generally emphasized in the reports.

<sup>37</sup> See, for instance, Gillian Doherty and Barry Forer, "Shedding New Light on Staff Recruitment and Retention Challenges in Child Care," Child Care Human Resources Sector Council, 2004. [http://www.ccsccssge.ca/english/pdf/research/SheddingNewLight\\_en.pdf](http://www.ccsccssge.ca/english/pdf/research/SheddingNewLight_en.pdf)

<sup>38</sup> In BC, the Child Care Operating Funding Program assists eligible licensed group and family child care providers with the cost of providing care (2005/06, page 31). The 2005/06 report does not indicate specific requirements for the use of these funds.

Despite the recruitment and retention concerns, and the fact that several governments have introduced wage enhancement-type programs, most public reports do not include wages as one of the non-financial indicators. New Brunswick and the Yukon are the only jurisdictions to report on improved wages over time (3 years and 2 years respectively) as one of their non-financial performance indicators.<sup>39</sup> The impact of dedicated federal child care transfers on reported child care wages in New Brunswick highlights both the significance of this federal funding and the reality of what is required to build a system. Between 2001/02 and 2003/04, average hourly wages and/or bonuses rose from \$7.04 to \$8.44/hour.<sup>40</sup>

Other provinces report on other quality indicators for some years, providing evidence of increased number or percentage of trained child care staff (Manitoba, Yukon), increased wage-related funding for staff or centres (Alberta, Newfoundland and Labrador, Nova Scotia), and improved quality measurement scores (Prince Edward Island).

All of these indicators meet or exceed the reporting requirements of the Multilateral Agreement, which only requires training, child/caregiver ratios and group size data “where available”. However, and as mentioned in the previous section, comparative information has not been provided throughout the reporting period, so we are limited to confirming evidence of partial progress, or trends, on quality indicators. To that end, several provinces are increasing the number of trained staff working in child care programs and 2 provinces have confirmed increased child care worker wages in some years.

**Availability** — Evidence of overall growth in the number of regulated spaces is shown in Ontario’s public reporting and through similar trend information (3 or more years of consistent growth) provided by Manitoba, New Brunswick, Northwest Territories, Nunavut, Saskatchewan and the federal government. Some public reports also indicate heightened attention to inclusion, with British Columbia, Manitoba, New Brunswick and Prince Edward Island providing trend information for three or more years demonstrating increased number of child care spaces available for children with disabilities, or increased number of children served.

Clearly, including comparative information on the actual number of existing spaces is necessary to track progress. However, this indicator on its own lacks context. Historically and internationally, the other related indicator of interest is “percentage of children with access to a regulated child care space”. The latter indicator puts the number of spaces in context, so that we can see whether space growth is equal to, higher or lower than the change in child population. This is particularly important given that, generally speaking, less than 20% of children in Canada (outside of Quebec and the Yukon) currently have access to regulated child care services.<sup>41</sup>

Nonetheless, only Manitoba publicly reports on both of these indicators for 3 or more years. Their reports show that, while the number of spaces for preschool children grew by 1,717 between 2001/02 and 2004/05, the percentage of preschool children for whom there was a regulated space grew from 21.2% to 22.7% over the same time period.<sup>42</sup>

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<sup>39</sup> In its most recent report (2002/03, p. 39), Prince Edward Island indicated that a 2001 survey reported median gross hourly wages for centre-based certified staff (\$8/hr), uncertified staff (\$7.01/hr) and staff working with children with special needs (\$9/hr). Wages were not reported in other years.

<sup>40</sup> 2003/04 Report, p. 4. This example also shows that a substantial financial commitment from governments will be required to make a more considerable impact on wages.

<sup>41</sup> See, for instance, OECD Early Childhood Education and Care Policy: Canada Country Note – October 2004, Funding and Financing Recommendations #1, <http://www.sdc.gc.ca/en/cs/sp/sdc/socpol/publications/reports/2004-002619/page00.shtml> Also see Trends & Analysis: Early Childhood Education and Care in Canada 2004, Child Care Resource and Research Unit, p. 6, Figure 4, [http://www.childcarecanada.org/pubs/other/TandA/TRENDS\\_ANALYSIS.pdf](http://www.childcarecanada.org/pubs/other/TandA/TRENDS_ANALYSIS.pdf)

<sup>42</sup> It needs to be emphasized that while there has not been large growth in spaces, the increase in both federal transfers and provincial contribution has been prioritized to quality in Manitoba (training, wages and benefits), rather than to expansion.

**Affordability** — Affordability of child care services is also widely recognized as a critical issue because, unlike other ECD programs, child care services are primarily funded through parent fees. Typically, subsidies are provided for lower and modest income families. The ECD (through the shared reporting framework) and Multilateral Agreements identify changes in both parent fees and subsidies as indicators of affordability, and stakeholders consistently point out that data on both indicators is essential to tracking progress. However, most provinces do not report on parent fees as one of their non-financial performance indicators (nor are they required to under the specific public reporting requirements of the Multilateral Agreement).

The two exceptions to this observation are Manitoba and the Yukon. Yet, public reports for both of these jurisdictions actually show that parent fees have increased at least once throughout the reporting period.

Regarding subsidies, some jurisdictions describe improvements to their subsidy infrastructure (eligibility levels, etc).<sup>43</sup> However, none of the public reports provide a consistent break down of the child care subsidy expenditure throughout the required reporting period, so we are unable to confirm that the policy changes have resulted in increased investment in child care subsidies.

For the years in which non-financial indicators on child care subsidies are available and clear, only Newfoundland and Labrador shows a trend of progressive increases to the number of subsidies provided for families.

Without public reporting on fees, we cannot confirm that affordability overall has improved even in Newfoundland and Labrador. While more families in that province are definitely receiving subsidies in some years, if fees have increased during the same time period then child care services have become less affordable at least for families who aren't eligible for subsidies.

If the policy goal is to increase affordability, research and evidence shows that increased subsidies do not necessarily advance that goal. In fact, communities know from experience that they can often do the opposite, by driving up fees for families. In order to fully understand affordability, information on parent fees is essential.

**So, have the FPT agreements led to improved access to quality, affordable child care services in Canada? Once again, we stress that overall improvements cannot be determined due to missing information. However, from the public reports, we summarize and confirm evidence of improvement trends in:**

- **Quality indicators, such as increasing numbers of trained staff in some jurisdictions and increased staff compensation in New Brunswick and Yukon.**
- **Availability indicators, such as increasing numbers of spaces, both typical and inclusive, in several jurisdictions.**

### **Importance of Dedicated Federal Transfers for Child Care Services**

We complete this section of our analysis by commenting on the extent to which dedicated federal transfers for child care services were central to the progress trends that have been observed to date.

Under the ECD agreement provinces and territories were not required to invest specifically in child care services. In fact, although child care services were suggested as areas for investment under “Early Childhood Development, Learning and Care”, provinces and territories were not even required to include child care services in their baseline and subsequent ECD reporting. Ontario chose not to, and provinces

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<sup>43</sup> Although a few provinces show reduced investments in subsidies in some years, with no explanation for the reduction (for example, Alberta, BC, New Brunswick).

such as Alberta and Prince Edward Island included some but not all of their child care services within the ECD investment envelope (this explains some of the investment tracking information gaps previously noted). If child care services weren't included in the ECD reporting, they weren't benefiting from federal transfers under the ECD agreement.

Furthermore, of the 7 jurisdictions (British Columbia, Manitoba, Newfoundland and Labrador, Nova Scotia, Nunavut, Yukon and the federal government) for whom we can trace annual investment in total ECD programs and services from the 2000/01 baseline onwards for at least 3 years, we note that the proportion of total ECD invested in child care services decreased between 2000/01 and 2002/03 in 6 jurisdictions (all except Nunavut). For the federal government, this result was largely attributed to the growth in maternity and parental benefit payments.

However, 2003/04 was the first year of dedicated federal transfers for child care services under the Multilateral Agreement. We note that, for the 5 remaining jurisdictions listed above (British Columbia, Manitoba, Newfoundland and Labrador, Nova Scotia, Yukon), once the dedicated Multilateral transfers are in place the relative decline in child care services starts to level off (Manitoba, Nova Scotia) or reverse completely (British Columbia, Newfoundland and Labrador, Yukon). As more updated public reports become available, one can expect that the additional increases to federal transfers specifically dedicated to child care services should increase the proportionate investment in early learning and child care, leading to more substantial improvements in access to quality, affordable child care services in the future.

This analysis reinforces the child care community's desire for federal leadership in child care policy and funding. The introduction of dedicated federal transfers helps to focus specific attention on improvements to child care services, while at the same time promoting and protecting Canada's commitment to comparable social services across jurisdictions.

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## PUBLIC REPORTING — RECOMMENDATIONS

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The FPT agreements specifically note that governments are reporting to their publics, and not to each other. The agreements imply that the only accountability mechanism for investments in child care services is through public monitoring and pressure, which places a lot of responsibility on communities. Our observations indicate that it is not practical for citizens to track the public reporting on their own, and they raise questions about the heavy reliance on this approach as *the* accountability mechanism when parents and community groups are already time-strapped and over-burdened.

Projects like *Making the Connections* can support the community in their review of and feedback on public reports, but as noted previously, the child care community has long recommended that governments use additional reporting avenues, including reporting to Parliament/Legislatures. And the CCAAC and other groups have recommended that public reporting should be complemented with other accountability measures, such as legislated standards and auditing.

At this point, however, public reporting seems to be the only mechanism for demonstrating accountability for federal transfers and effective use of public funding for ECD programs, including child care services.

### **OVERARCHING RECOMMENDATION: Expedite the Implementation of Key Public Performance Reporting Guidelines**

Sole reliance on public reporting makes the introduction of generally agreed-upon public performance reporting recommendations a critical component of accountability. This is particularly true given that recent federal transfers are not (or are no longer) part of an FPT Agreement. We have not found detailed public guidelines for provincial and territorial investment of federal transfers related to:

- The now-terminated Bilateral Agreements on Early Learning and Child care (funding provided from 2004/05 through 2006/07); and
- The federal child care space transfers introduced in Budget 2007.

Therefore, in order to promote clear public reporting that supports the public in tracking the ongoing progress in child care services, we have one overarching recommendation: **FPT governments should expedite the implementation of key public performance reporting guidelines outlined in the PSAB Statement of Recommended Practice (SORP-2).**

This recommendation acknowledges that different governments are at different places in terms of their capacity for public performance reporting, and in terms of available information. It is important to note that this Statement only “offers general guidance. It is not prescriptive with respect to the structure of the report and is not intended as a template for a public performance report.”<sup>44</sup>

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<sup>44</sup> Public Sector Accounting Board (PSAB), *Statement of Recommended Practice: Public Performance Reporting (SORP-2)*, September 2006, paragraph 2.

However, as the FPT agreements suggest, and as the Statement clearly states

the main purpose of a public performance report is to explain in a clear and concise manner the extent to which intended **goals** and **objectives** were achieved and at what cost. Previously, entities focused their attention mainly on **inputs** and **activities**. The primary concern was what resources were being used and how they were being used. These matters continue to be important. However, there is now an increased focus on what is actually being achieved with the resources consumed, in relation to what was planned.<sup>45</sup>

While much has been accomplished in public reporting to date, our analysis confirms that much more work remains in order to meet this public performance reporting objective, so clearly highlighted in the FPT agreement (quoted earlier).

**In order to break down this overarching recommendation into manageable short term pieces, we offer the following 5 specific recommendations:**<sup>46</sup>

- 1. Implement immediate improvements to public reporting;**
- 2. Involve stakeholders;**
- 3. Focus on the few critical aspects of performance;**
- 4. Develop plans, with targets and benchmarks for quality, affordability and accessibility; and**
- 5. Audit the public reports.**

### **1. Implement immediate improvements to public reporting**

In addition to learning from each other, we recommend that FPT governments take immediate steps to improve public reporting as follows:

- To improve ease of access, the provincial links on the main federal ECD website should link citizens *directly* to a central provincial or territorial site where all public reporting related to ECD, including child care services, can be found in one place. Make sure all reports are available, from the baseline onwards. Provide printer-friendly versions of the reports without pictures. Provide a contact to obtain written copies of the reports, and find ways for those without regular internet access to get information about the reports. (For instance, distribute summaries or pamphlets to places convenient to parents and child care workers so that information about the reporting is more widely available.)
- To improve clarity, date all reports with the actual release date and ensure they are appropriately notated if subsequently amended.
- To improve both clarity and ease of access, provide a summary in or with each report that captures key public policy and investment changes over time. Include total investment in major categories of programs (for example, and as outlined in the investment chart used in this project, ECD-child care services, ECD-income supports, ECD-all other programs and services).
- To improve comprehensiveness and comparability of reporting, in the next public report provide

<sup>45</sup> Public Sector Accounting Board (PSAB), *Statement of Recommended Practice: Public Performance Reporting* (SORP-2), September 2006, paragraph 3.

<sup>46</sup> Relevant sections of SORP-2 as follows: recommendation 2 (Paragraphs 11, 12, 75, 78, 82); recommendation 3 (Paragraphs 34, 35, 36); recommendation 4 (Paragraphs 15, 16, 50); recommendation 5 (Paragraph 77).

tables that not only show new financial and non-financial indicators but also trace changes in all ECD programs, including child care services, from the baseline and in each subsequent year. As noted previously, some jurisdictions have already developed these tables for their financial information. While it may involve some time to go back and find missing information, all provinces and territories have been provided with a detailed spreadsheet identifying the information gaps that precluded us from being able to complete the investment chart – hopefully this will help pinpoint the areas requiring further follow up or clarification. We acknowledge that sometimes information needs to be revised in subsequent reports. Improving and correcting information is important, but the reader should be able to clearly understand and trace the changes.

- To improve on clarity, adopt a comparable template. While FPT governments have broadly agreed on a shared framework for reporting on how their investments are improving and expanding services,<sup>47</sup> there is still a general lack of consistency in reporting. Our review of the public reports suggests that there are common programs and approaches across the country, so a common, high level reporting template should be achievable. Such commonality recognizes that individual programs may differ across the country, but that at a certain level the reporting on financial and non-financial indicators can be done consistently.

## 2. Involve stakeholders

Governments have made broad commitments to citizen engagement, both through FPT agreements and through the PSAB public performance reporting recommended practices. With the commitments to citizen engagement in mind we recommend that FPT governments:

- **Establish a mechanism** for a broad range of citizens (including parents, child care workers and employers, advocates, researchers and academics) to be involved in developing goals and plans and monitoring results.<sup>48</sup> Community consultations and input may also be needed.<sup>49</sup>
- **Provide resources and infrastructure** at FPT government levels to support a comprehensive approach to citizen engagement. Throughout this project we've heard from researchers and academics in particular about the uniqueness of our project work. Yet our project has relied on the volunteer work of the people committed to child care at the CCAAC and in provinces and territories who, on their own time, find ways to try to engage in policy discussions. While we believe that this project has supported some capacity-building in communities, the reality is that communities do not have the resources to actively participate in this kind of citizen engagement on their own – even if they are invited to.
- **Develop and implement a defined role for legislators** as the primary users of public reports. Governments must be seen as central stakeholders in the accountability process. As the CCAF-FCVI states, “Governments should be the primary user of performance measurement and information” as this information can “provide a sound basis for helping the Legislature hold the government to account.”<sup>50</sup>

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<sup>47</sup> See [http://www.ecd-elcc.ca/en/ecd/ecd\\_sharedframe.shtml](http://www.ecd-elcc.ca/en/ecd/ecd_sharedframe.shtml)

<sup>48</sup> At a minimum, following the PSAB's recommendation, public reporting should describe the extent to which users were involved in the report and in the selection of performance measures. See: *Public Sector Accounting Board (PSAB), Public Performance Reporting: Guide to Preparing Public Performance Reports*, May 2007, p. 13. [http://www.psab-ccsp.ca/client\\_asset/document/3/7/6/9/0/document\\_6BFB4803-CED5-093C-93BC611D9BC5AB38.pdf](http://www.psab-ccsp.ca/client_asset/document/3/7/6/9/0/document_6BFB4803-CED5-093C-93BC611D9BC5AB38.pdf)

<sup>49</sup> Although community members express frustration at how some government consultations are conducted, and the limited impact that these consultations have on resulting child care policy and funding.

<sup>50</sup> CCAF-FCVI, *Users & Uses: Towards Producing and Using Better Public Performance Reporting: Perspectives and Solutions*, 2006, p. 11.



### 3. Focus on the Few Critical Aspects of Performance

The PSAB recommendations regarding public performance reporting suggest that the chosen indicators should focus on the few critical aspects of performance. Governments should work with stakeholders to determine which indicators are critically important to improving access to quality, affordable child care services.

For example, we noted previously that some of the most relevant and significant performance indicators for child care services (parent fees and child care worker wages) are not widely reported by governments, even though their importance is acknowledged in several public reports:

“The cost of licensed early childhood education and care programs is one of the most significant barriers to participation for families with young children. Despite the relatively high cost to parents, fees charged in licensed programs do not allow the centres to provide wages and benefits commensurate with the level of education and responsibility of early childhood educators.” (Prince Edward Island, 2002/03, p. 36)

“The most critical factor inhibiting quality in the child care sector in ... Canada may likely be the challenges in attracting and retaining adequate numbers of trained and highly skilled staff.” (Nova Scotia, 2003/04, p. 24)

Based on the existing FPT objectives of improved access to quality, affordable child care services, the PSAB guidelines, the experience in and views of the child care community, and the research and international evidence, we recommend that FPT governments consider the following **Key Child Care Performance Indicators** as the few critical aspects of performance:

<b>KEY CHILD CARE PERFORMANCE INDICATORS</b>		
<b>Objective</b>	<b>General Indicator</b>	<b>Suggested Specific Indicator</b>
Improved Quality	Training	Number of staff with professionally-recognized training
	Staff Compensation	Average hourly wage, including benefits
Improved Affordability	Fees	Average parent fees, by age group and care type
	Subsidies	Monthly average # of children or families on subsidies; monthly average subsidy per child
Improved Availability and/or Accessibility	Spaces – general	% of children with access to regulated space (requires information on # children and # spaces)
	Spaces – inclusive	% of children from various targeted groups (Aboriginal communities, children with disabilities) with access to regulated space

In making this recommendation, we acknowledge that all of this data may not currently exist for each jurisdiction. A data collection strategy may be required, and of course there will be an associated cost. However, we believe that these indicators are so essential to effective child care public policy and investments that all reasonable efforts should be made to collect and track this data.



#### **4. Develop plans, with targets and benchmarks for quality, affordability and accessibility**

The PSAB recommendations speak to the importance of planning for effective management (e.g. paragraphs 14-16), yet the lack of public plans was notable in the public reporting reviewed to date. This is perhaps not surprising because the ECD/Multilateral Agreements do not require a plan to be developed; only that governments demonstrate service improvements.

While some of the annual public reports include some elements of child care plans, none report:

- Targets or benchmarks for critical aspects of child care service quality, affordability and accessibility; or
- Planned as compared to actual results, explaining significant variances arising.

Therefore, we recommend that once the few critical aspects of performance are agreed upon, FPT governments should develop long-term goals and shorter-term plans that specifically address each indicator. The development of targets for key indicators should help to break down the overall goals and objectives into measurable components of quality, affordability and accessibility.<sup>51</sup>

#### **5. Audit the Public Reports**

While the PSAB does not actually recommend that governments obtain an external audit opinion on their public performance reports, it does note that “external assurance can add credibility to a public performance report, which further enhances confidence in the report” (paragraph 77). The recommendation goes on to suggest factors that governments might consider in deciding to obtain an external audit opinion.

Regrettably for those of us who firmly believe in the important role governments play in advancing the public good, our experience in this project affirms other research describing public cynicism about government’s public performance reporting. As a result, we believe that an external audit would add credibility to the public reports.

Even more fundamentally, it is critical for us to note that our review of the public reporting neither resembled, nor could it take the place of, an external audit. We did not have the mandate, the authority or the resources to confirm the accuracy of the information provided by governments in their public reports, the reasonableness of the estimates used or the appropriateness of the methodology employed.

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<sup>51</sup> Some of these performance targets may already be established in departmental business plans, but it is important that they are reflected in the public performance reports as well. PSAB states that “Users should be able to use the public performance report to understand reported performance without having to consult other documents.” (paragraph 37).

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## CONCLUSION

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While we believe that public reporting is a key component of an effective accountability framework, we acknowledge and share the accountability concerns that have been raised throughout this project. Many are worried about the growing reliance on public reporting as *the* accountability mechanism in the public sector. We heard from those who fear that other important elements of an accountability framework – the ‘accountability goalposts’ that include service and reporting standards and a defined role for legislators – appear to have diminished or disappeared at the same time as public performance reporting has grown in importance.

Without strong accountability goalposts in place, questions remain about the effectiveness of a process that relies solely on public review of government’s reports. Can the public effectively review information that is neither standardized nor audited? Can the public effectively evaluate progress based on a general political intent to improve and expand early learning and child care services?

These questions are integral to the analyses, observations and recommendations contained in this report. Our project findings indicate that the public reports issued to date under the FPT Agreements are not yet living up to the promises of accountability and transparency. And given the increasing primacy that governments are placing on public reporting, this is a serious problem.

The mandate of our project involved working with communities to assess the existing public reports, to confirm whether or not the commitments made in the FPT agreements are clearly fulfilled. While several of the public reports analyzed through this project show evidence of improvement trends for child care service quality and availability, few have clear public reporting that allows the public to easily track progress through 2005/06 and none meet all of the performance and reporting requirements outlined in the ECD/Multilateral Agreements.

The public reporting gaps identified throughout this report are applicable across the political spectrum and frequently involve previous, rather than sitting, governments. Nonetheless, child care exists in a politicized context and so we can anticipate public critiques of governments arising from this report. We would like to point out that with criticism comes responsibility.

Under this project, we had a responsibility to fairly assess the extent to which public reporting demonstrated that the objectives and requirements of the FPT agreements were achieved. Our report provides specific recommendations for improvement, all of which fall within existing public performance reporting recommendations.

It is equally important to note that adopting these recommendations will help to solidify the accountability goalposts. Improved public reporting which is audited and follows the recommendations issued by the Public Sector Accounting Board will increase standardization and, ultimately, the public’s ability to effectively review the information. The inclusion of stakeholders, particularly legislators, in goal-setting,

planning and determining key performance indicators will provide benchmarks that increase the public's ability to effectively evaluate progress.

That's why all legislators, the media and the general public have a responsibility to be involved in the public reporting process.

But this public responsibility must be balanced with the reality that communities lack the time and resources required to engage extensively with governments. Furthermore, widespread cynicism about the public's ability to actually achieve meaningful public policy dialogue with governments must be addressed. A serious commitment to citizen engagement requires significant support for community participation.

Projects like MTC are a good start. Throughout the course of our work, the project has been met with keen interest, and we have received very positive feedback from many who have used the project tools and analysis to advance the work in their own communities. As a distinctive experiment in citizen engagement, MTC provides a glimpse into the potentially powerful role that the public could play, if community capacity-building was truly integral to the accountability framework.

Given the time and effort that communities across Canada have lent to this project, we hope that governments will now accept their responsibility to use this and other feedback to improve their public reporting in the future.

In fact, we would suggest that this is a critical moment in the evolution of accountability for federal transfers to provinces and territories, and that our analysis makes a valuable and timely contribution. The findings of this project demonstrate that the existing FPT public reporting does not currently fulfil the accountability expectations outlined under the ECD/Multilateral Agreements or those promoted by the Public Sector Accounting Board.

Whether or not public reporting on its own can ever provide sufficient accountability, as some propose, remains an open question. But one thing is crystal clear – in order for public reporting to make a meaningful contribution to accountability, FPT governments must expedite the implementation of key public performance reporting recommendations.

An effective public reporting process *Makes the Connections* between public policy, public funding and public accountability – all of which are essential to improving access to quality, affordable child care services.

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## APPENDIX I – DETAILED ANALYSES OF FEDERAL, PROVINCIAL AND TERRITORIAL PUBLIC REPORTING

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In this section of the report we summarize data from the federal, provincial and territorial (FPT) public reports related to early childhood development, including child care services. The summary provides a common framework for analysis, helping the public to assess the extent to which the FPT Agreement commitments are met and services for young children and their families are improving as a result.

The common framework links the *words* used in public reports with the *results* achieved and evidence provided by both financial and non-financial data (indicators).

While our analysis spans agreements related to early childhood development (ECD) overall, including early learning and child care (child care services), our attention is specifically focused on the latter.

We used the following methodology to conduct our detailed analyses, the results of which are summarized in the project report:

1. Based on the FPT Agreement commitments and a review of the existing public reports, we developed a high-level, simplified investment chart to track annual expenditures in the three major areas of ECD investment we observe in the public reports: early learning and child care services, income supports paid directly to families, and all other ECD programs and services.
2. We confirmed with the FPT Directors responsible for child care which public reports were available as of August 24, 2007, and based our analyses on these reports. Two provinces received brief extensions to complete this confirmation process.
3. We started the analysis by listing all of the individual programs and investment information from each public report on a detailed spreadsheet. Next, we divided the programs into the three categories described above. Finally, we totalled the spreadsheet and prepared the summarized investment chart. Summary charts for each jurisdiction are provided in this Appendix, supporting the public in tracking the changes in total investment in each major expenditure category throughout the required reporting period (2000/01 through 2005/06). While our original investment chart proposed to show annual changes in investment rather than total investment in each year, several public reports lacked comparative financial data on which the annual change could be calculated. In order to minimize blank spaces in the investment chart, we therefore chose to report the total investments in each year.
4. The total investment in ECD programs is then broken down into two components: the federal transfers and the resulting provincial contribution. This calculation supports the public in understanding the extent to which increased investments were funded through federal transfers and/or provincial contributions.
5. The FPT public reports do not always clearly include the amount of federal transfers received. Therefore, in order to ensure a consistent analysis all federal transfers are taken from the federal

government's web page titled "Federal Transfers to Provinces and Territories" available at <http://www.fin.gc.ca/FEDPROV/fsce.html>. This web page has been used throughout the project to inform stakeholders about the availability of, and commitments regarding, federal transfers for ECD. The information is updated periodically to reflect population changes, so there may be minor differences between the federal transfers reflected in this report and those in some of the FPT reports.

6. The summary investment chart includes federal transfers in the year of receipt, as outlined in the above noted web page, except for transfers under the 2005 Bilateral Agreement. The web page table allocates the latter transfers between 2004/05 and 2005/06, but we have included them in 2005/06 as that's when they became operational for, and are generally recognized by, provinces and territories. Furthermore, for provinces and territories that have completed their public reporting through 2005/06, we separated federal transfers under the ECD/Multilateral Agreements from those under the now-terminated Bilateral Agreements. Public information, such as the web page referenced above, does not clearly define the timelines for investing the latter federal transfers in early learning and child care services. As a result, for 2005/06 we chose to separately identify the extent to which the Bilateral and the ECD/Multilateral federal transfers are not yet invested in ECD, including child care services.
7. In order to further clarify the increased investment in ECD, and the impact on child care services specifically, two calculations are carried out on the publicly reported financial indicators: (1) change in investment over baseline (2) proportion of total ECD investment expended in each of the three categories. As some public reports do not total the expenditures on individual programs, we have also included that calculation where required.
8. We then turned to the publicly reported non-financial indicators to assist in assessing the progress on early learning and child care services, particularly for availability, affordability and quality as required in the Multilateral Agreement. We looked for comparative information (i.e. information that could be compared for at least two years). Again, all non-financial indicators are taken directly from the public reports (although for summary and highlighting purposes we may not have extracted all of the indicators included in some reports).
9. Finally, our project methodology and resulting analyses were submitted to an external reviewer, Gordon Gray, CGA, whose report is included in Appendix 2.

Key points arising from our analysis:

1. The investment chart is not complete for some provinces and territories for one or both of the following reasons:
  - The public reports for some years are not available.
  - The financial information is not clear, consistent and/or comparable in significant ways (for example, there are information gaps because major program expenditure information is missing for one or more years).

In the latter situations, we chose to leave the investment chart blank rather than make substantial assumptions about how funds may have been invested. We have provided brief explanatory notes highlighting the information gaps and challenges, as well as observations on the extent to which federal transfers are not yet invested or otherwise fully accounted for. It is also important to point out that, when the financial indicators are not clear, the non-financial indicators assume greater importance in helping the public to track progress.

2. In August 2007, FPT governments received the standardized template used to summarize our financial analysis.<sup>52</sup> Yet, as this project promotes dialogue between stakeholders and governments, it is reasonable to ask if we engaged in discussions with provinces and territories about the specific information gaps identified in the public reports as our analyses unfolded. We acknowledge that it was tempting to do so. Positive working relationships between the Child Care Advocacy Association of Canada and various government staff and elected officials were initiated or maintained throughout this project, and we understand the importance of collaboration. Furthermore, we respect the challenges all governments face in trying to both improve services and effectively report on those improvements at the same time. However, the purpose of this component of our project work was to assess the extent to which the FPT Agreement commitments have been met based on *public* information (i.e. FPT public reporting) not *private* information (i.e. adjustments to or explanations of public reports based on our private discussions with governments). Not only did we not have the time or resources to engage in this level of activity, it was beyond the mandate of this project to serve as an explanatory communication vehicle for governments' public reports. Nonetheless, in order to support ongoing dialogue between stakeholders and governments about public reporting, we provided our detailed financial analyses to FPT Directors and the CCAAC Director in each jurisdiction prior to this report's release.
3. Every effort has been made to accurately extract consistent and comparable financial and non-financial indicators from various sections of various FPT public reports. It is possible, however, that from governments' perspective some have been missed or misinterpreted, in which case we encourage governments to think about how the data could be more clearly presented in the future.
4. Where different figures are used to describe the same program in different annual reports, and no explanation to the contrary is provided, the most recent figure is included in our summary.
5. Totals in the following charts may not add due to minor rounding differences.

The detailed analyses on the following pages are listed in the order in which the federal transfer tables are provided on the federal government's web site, referenced above.

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<sup>52</sup> The Open Letter to Ministers and FPT Staff Responsible for Early Childhood Development, Learning and Care (ECDLC) Services, August 2007, can be accessed at: <http://www.ccaac.ca/mtc/en/pdf/Open%20Letter%20Aug%207%20ENG.pdf>

**Summary of Annual Financial Reporting on ECD Activities (\$'000's)**

	Notes	Baseline Year 0 00/01	Total Year 1 01/02	Total Year 2 02/03	Total Year 3 03/04	Total Year 4 04/05	Total Year 5 05/06	Change Over Baseline
ECD – Early learning and child care services	1	7,227	8,769	8,712	11,031			
ECD – Income supports to families	2	780	882	990	977			
ECD – All other programs & services		2,918	5,387	6,838	7,860			
<b>Total Investment – all ECD Programs</b>	3	<b>10,925</b>	<b>15,038</b>	<b>16,540</b>	<b>19,868</b>			
Less: Total Federal Transfers		0	5,100	6,600	8,600	10,500	22,900	
<b>Provincial Contribution to ECD Programs or (Federal Transfers not yet invested in ECD)</b>	4	<b>10,925</b>	<b>9,938</b>	<b>9,940</b>	<b>11,268</b>			
% Funding for child care services		66.2%		52.7%	55.5%			
% Funding for income supports		7.1%		6.0%	4.9%			
% Funding for other ECD programs		26.7%		41.3%	39.6%			
<b>Total</b>		<b>100.0%</b>		<b>100.0%</b>	<b>100.0%</b>			

**OBSERVATIONS**

Public reports show that federal transfers are carried forward (not yet invested) from both 2001/02 and 2002/03, because the provincial contribution fell below baseline in both years. While the provincial contribution rose in 2003/04, the increase does not fully utilize the carry forward amount. One can see this by calculating the average annual provincial contribution when federal transfers are in place, which is \$10.4 million – \$0.5 million less than the baseline of \$10.9 million.

Furthermore, at the time of this analysis, public reports were not available for 2004/05 and 2005/06 and therefore the federal transfers for those years are not yet accounted for.

**NOTES**

1. While individual child care program investment information is not provided in the 2003/04 report (the most recent report available), descriptive information and indicators show that the increased overall investment in child care services corresponds to increased subsidy uptake and the introduction of an educational (wage) supplement for child care workers that meet specific training requirements. The 2002/03 report also includes a summary of the main legislative changes related to child care, providing quality-related information on licensing requirements such as adult-child ratios and group sizes.
2. Mother Baby Nutrition Supplement (replacing Mother Baby Food Allowance): \$45 monthly benefit payable to all eligible low-income pregnant women and families with children under age 1.
3. All figures from Newfoundland and Labrador’s Early Childhood Development and Early Learning and Child Care Annual Report 2003/04, page 13 (except expenditures for 2003/04 total \$19,868,486, not \$19,440,313 as reported. It appears that \$428,173 in Administration costs are missing from expenditure total).
4. While the 2003/04 report indicates that the \$0.4 million received in 2003/04 under the Multilateral Framework Agreement will be invested in the following year, the investment chart recognizes federal transfers in the year of receipt.

**Annual Reporting on Comparative Non-Financial Early Learning and Child Care Indicators**

	Baseline Year 0 00/01	Total Year 1 01/02	Total Year 2 02/03	Total Year 3 03/04	Total Year 4 04/05	Total Year 5 05/06	Change Over Baseline
<b>AVAILABILITY</b>							
<i>Clear comparative indicators not available</i>							
<b>AFFORDABILITY</b>							
Number of subsidies (March of fiscal year)	1,038	1,210	1,373	1,459			
<b>QUALITY</b>							
Number of Early Childhood Educators working directly with children in child care centres and have minimally Level I Care Services Certification who receive Educational Supplement (wage enhancement)	<i>new program</i>	320	325	353			
<i>Education Supplement Funding Levels:</i>							
Staff with one year college certificate	<i>new program</i>	\$1,040	\$1,560	\$2,080			
Staff with two year college diploma		\$2,080	\$3,120	\$4,160			
Equipment Grants to regulated family child care providers		38	38	36			



**Summary of Annual Financial Reporting on ECD Activities (\$000's)**

Notes	Baseline Year 0 00/01	Total Year 1 01/02	Total Year 2 02/03	Total Year 3 03/04	Total Year 4 04/05	Total Year 5 05/06	Change Over Baseline
ECD - Early learning and child care services							
ECD - Income supports to families							
ECD - All other programs & services							
<b>Total Investment - all ECD Programs</b>							
Less: Total Federal Transfers	0	1,300	1,700	2,300	2,800	6,100	6,100
<b>Provincial Contribution to ECD Programs or (Federal Transfers not yet invested in ECD)</b>							

**OBSERVATIONS**

Public reports available up to and including 2002/03. However, investment chart not completed due to insufficient information. Specifically, we are unable to determine baseline ECD programs and services, and total change in investment in those programs and services in subsequent years. As a result, we are unable to confirm full utilization of federal transfers received through 2005/06.

At the same time, reports describe several new or expanded programs such as quality improvements (MIKE), kindergarten and special needs supports.

**NOTES**

Following notes provide examples of information gaps and challenges:

1. Child care subsidy program first described in 2002/03 report (p. 19). Investment in subsidy highlighted as ECD priority (p.15), and text indicates expenditures increased by 1.2% over previous year and used \$40,000 of federal transfers in 2002/03. However, no subsidy was reported in 2001/02 or in the baseline 2000/01.
2. Expenditure reporting for some programs differs between reports. While the provision of updated and/or revised information is to be expected, the impact of these revisions is not always clear. For example:
  - (i) Special Needs Grants — first public report indicates that PEI's baseline provincial investment in special needs grants was \$580,200 (2000/01), with incremental investment of \$300,000 under the ECD Agreement bringing 2001/02 investment to \$880,200. However, 2002/03 report (p.38) shows that figures reported earlier were budget figures. Actual investment for 2000/01 significantly higher than budget at \$779,378, while actual investment for 2001/02 slightly lower at \$867,148. Thus, actual increase due to 2001/02 federal transfers appears to be \$87,770 (\$867,148 - \$779,378), not \$300,000, but impact of this change not clearly discussed in report.
  - (ii) Kindergarten — baseline report indicates 2000/01 kindergarten investment of \$2.7 million, with incremental investment of \$500,000 under ECD Agreement bringing 2001/02 investment to \$3.2 million. However, 2001/02 report (p.56) indicates 2000/01 investment of \$2.5 million; again, no impact analysis on federal transfers provided. Finally, the 2002/03 report (p. 20) indicates that current year's investment remains at \$3.2 million, but indicates that \$647,000 of that "was invested from the Early Childhood Development Initiative."

3. Other than in the baseline report, PEI’s public reports do not provide a table summarizing and comparing investments. As a result, it is difficult to track some programs over time. For example, baseline report includes following 3 programs: Home based programming consultation for children with autism, child assessments, program design, parent training; Professional program support for home based early intervention; Program support, training, and development to early childhood centres with children with special needs. The 2001/02 report only includes one similar-sounding program – professional training, consultation, and program support for home-based early intervention – and the report does not clearly describe what happened to the other programs.

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**Annual Reporting on Comparative Non-Financial Early Learning and Child Care Indicators**

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	Baseline Year 0 00/01	Total Year 1 01/02	Total Year 2 02/03	Total Year 3 03/04	Total Year 4 04/05	Total Year 5 05/06	Change Over Baseline
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AVAILABILITY

*Clear comparative indicators not available*

ACCESSIBILITY

*Supports for children with special needs (2002/03 Report, p. 38)*

Number of children (full and part-time)	165	164	175				
Number of centres	55	56	58				

AFFORDABILITY

*Clear comparative indicators not available*

QUALITY

*Clear comparative indicators not available (note 1)*

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**NOTES**

1. 2002/03 report includes Baseline and Second Observation assessments under PEI’s Measuring and Improving Kids’ Environments (MIKE) program.

**Summary of Annual Financial Reporting on ECD Activities (\$'000's)**

	Notes	Baseline Year 0 00/01	Total Year 1 01/02	Total Year 2 02/03	Total Year 3 03/04	Total Year 4 04/05	Total Year 5 05/06	Change Over Baseline
ECD - Early learning and child care services	1	16,653	23,626	29,328	28,317	27,368		
ECD - Income supports to families		0	0	0	0	0		
ECD - All other programs & services	2	516	1,606	6,845	6,764	7,790		
<b>Total Investment - all ECD Programs</b>	3	<b>17,168</b>	<b>25,233</b>	<b>36,172</b>	<b>35,081</b>	<b>35,158</b>		
Less: Total Federal Transfers		0	9,000	11,900	15,500	19,100	41,400	
<b>Provincial Contribution to ECD Programs or (Federal Transfers not yet invested in ECD)</b>		<b>17,168</b>	<b>16,233</b>	<b>24,272</b>	<b>19,581</b>	<b>16,058</b>		
% Funding for child care services		97.0%		81.1%		77.8%		
% Funding for income supports		0.0%		0.0%		0.0%		
% Funding for other ECD programs		3.0%		18.9%		22.2%		
<b>Total</b>		<b>100.0%</b>		<b>100.0%</b>		<b>100.0%</b>		

**OBSERVATIONS**

While the provincial contribution both increases and decreases relative to baseline over the years for which public reporting is available, on balance it appears that all federal transfers have been invested through 2004/05. This can be demonstrated by comparing the average annual provincial contribution after federal transfers of \$19.0 million to the baseline provincial contribution of \$17.2 million, resulting in an average annual increase in the provincial contribution of \$1.8 million.

At the time of this analysis, public reports were not available for 2005/06 and therefore the federal transfers for those years are not yet accounted for.

**NOTES**

1. Categorization includes (non-parental) child care services and inclusion supports; child care resource and referral (or information and support) and early language and learning resources included in other ECD programs. Reports also describe child care subsidy rate increases, as well as introduction of portable subsidies.
2. Includes Healthy Beginnings: Enhanced Home Visiting Initiative. The annual investment for this program reflects only the federal transfer portion allocated; baseline includes note indicating that provincial funding contribution unknown due to multifaceted role of public health staff (03/04 report, p. 48). All other programs include total baseline and total annual investments.
3. All investments summarized directly from table on p. 98, 2004/05 report.

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**Annual Reporting on Comparative Non-Financial Early Learning and Child Care Indicators**


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	Baseline Year 0 00/01	Total Year 1 01/02	Total Year 2 02/03	Total Year 3 03/04	Total Year 4 04/05	Total Year 5 05/06	Change Over Baseline
<b>AVAILABILITY</b>							
<i>Clear comparative indicators not available</i>							
<b>ACCESSIBILITY – inclusion of children with special needs</b>							
Number of children participating in child care programs				521	553		
Number of licensed programs				127	128		
<b>AFFORDABILITY</b>							
<i>Clear comparative indicators not available</i>							
<b>QUALITY – Child Care Stabilization Grant (wage enhancement)</b>							
Number of facilities that received grant	<i>new</i>	197	210	217	217		
Number of full-time employed staff that received grant	<i>program</i>	1,041	1,091	1,129	1,125		

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**Summary of Annual Financial Reporting on ECD Activities (\$000's)**

	Notes	Baseline Year 0 00/01	Total Year 1 01/02	Total Year 2 02/03	Total Year 3 03/04	Total Year 4 04/05	Total Year 5 05/06	Change Over Baseline
ECD – Early learning and child care services	1	7,500			14,567			
ECD – Income supports to families	2	6,000			7,650			
ECD – All other programs & services	3	13,000			16,383			
<b>Total Investment – all ECD Programs</b>		<b>26,500</b>			<b>38,600</b>			
Less: Total Federal Transfers		0	7,300	9,600	12,500	15,300	33,200	
<b>Provincial Contribution to ECD Programs or (Federal Transfers not yet invested in ECD)</b>	4	<b>26,500</b>			<b>26,100</b>			
% Funding for child care services		28.3%			37.7%			
% Funding for income supports		22.6%			19.8%			
% Funding for other ECD programs		49.1%			42.4%			
<b>Total</b>		<b>100.0%</b>			<b>100.0%</b>			

**OBSERVATIONS**

While public reports are available through 2003/04, investment chart not completed for 2001/02 and 2002/03 due to information gaps. Specifically, Day Care Assistance Program (subsidies) and NB Child Tax Benefit expenditures missing in 2001/02, while latter missing in 2002/03. Both programs are substantial and were included in the baseline report. As a result, we cannot confirm total change in ECD investments and use of federal transfers for these years. Furthermore, at the time of this analysis, public reports were not available for 2004/05 and 2005/06, so the federal transfers for those years are not yet accounted for.

**NOTES**

1. Early learning and child care services includes Enhanced Child Day Care Services (quality improvement funding, training initiative and promotion of safety and security\* (2003/04)), Early Intervention & Integrated Day Care Services component of Early Childhood Initiatives (ECI), Day Care Assistance (subsidies).
2. Includes the New Brunswick Child Tax Credit and the Prenatal Benefit Program. The latter was introduced utilizing federal transfers, and accounts for the increased investment in this area.
3. Other ECD programs includes baseline EC Initiatives (description below) of \$13 million, including Infant/Parent Attachment Pilot Program investment where the latter is reported separately (2001/02 and 2002/03). In 2003/04, the Infant/Parent Attachment appears to be included within the Early Intervention and Integrated Day Care Services investments reported under early learning and child care. Assuming Infant/Parent Attachment is relatively small component of ECI enhancements (\$40,000 in 2002/03), change in categorization should not have a significant impact. The \$13 million provincial baseline funding for Early Childhood Initiatives (ECI) program supports “pregnant women and children <5 whose development is at risk. Services include pre/postnatal screening and intervention, early intervention services, school readiness clinics for 3 1/2 year olds, integrated day care services for children with special needs, and home economics services” (p8, 2003/04 report).

Federally funded enhancements to this program, reaching \$2.044 million by 2003/04, included under Early Learning and Child Care (see note 1) as they primarily relate to increasing spaces for early intervention and integrated day care services/reducing waiting lists and financial assistance to improve accessibility to full-time integrated daycare services for working parents of children with special needs (p.8).

4. Although public reporting for 2000/01 and 2003/04 is included on investment chart, some information in these reports is unclear. For example, Minister’s message indicates some variability in provincial contribution over time (i.e. “over \$26 million” in update report (2001/02), “over \$25 million” in 2002/03, and “\$26 million” in 2003/04); explanation of changes not included. Comparison of provincial contribution reported in 2000/01 (baseline) to 2003/04 indicates new investment in Administration and Program Support added in 2003/04 (p.16); meanwhile provincial contribution to child care subsidy has decreased. Following table summarizes reporting of provincial contribution:

	\$ millions	2000/01	2003/04
Day Care Services Program - Staffing costs*		*n/a	*n/a
Early Childhood Initiatives Program		13.0	13.0
New Brunswick Child Tax Benefit		6.0	6.0
Day Care Assistance Program (subsidies)		7.5	6.4
Administration & Program Support		not included	0.6
		<b>26.5</b>	<b>26.0</b>

*\* Treatment of baseline staffing costs is confusing; 2000/01 reporting indicated this program existed, but did not provide expenditure information. By 2003/04, expenditures of \$645,000 were reported (p.14) but not included in table total of \$26 million (p.16). Therefore, to reconcile New Brunswick’s 2003/04 table the baseline staffing costs of \$645,000 have not been included, but the enhancements to further promote safety and security (\$600,000) have been.*

### Annual Reporting on Comparative Non-Financial Early Learning and Child Care Indicators

	Baseline Year 0 00/01	Total Year 1 01/02	Total Year 2 02/03	Total Year 3 03/04	Total Year 4 04/05	Total Year 5 05/06	Change Over Baseline
<b>AVAILABILITY</b>							
Number of approved day care spaces	10,258	11,193	11,838	11,897			
Number of facilities	337	359	372	382			
<b>ACCESSIBILITY</b>							
<i>Number of children served in:</i>							
early intervention services	1,621	1,855	1,848	1,822			
integrated day care services	513	543	589	539			
<b>AFFORDABILITY</b>							
Number of children receiving subsidies	>2,700		2,491	2,652			
Average monthly day care subsidy per family			\$261	\$255			
<b>QUALITY</b>							
Average hourly licensed child care staff wages		\$7.04	\$7.95	\$8.44			

**Summary of Annual Financial Reporting on ECD Activities (\$000's)**

	Notes	Baseline Year 0 00/01	Total Year 1 01/02	Total Year 2 02/03	Total Year 3 03/04	Total Year 4 04/05	Total Year 5 05/06	Change Over Baseline
ECD – Early learning and child care services	1			514,327				
ECD – Income supports to families	2			215,000				
ECD – All other programs & services	3	161,800						
<b>Total Investment – all ECD Programs</b>		<b>161,800</b>						
Less: Total Federal Transfers		0	115,000	154,200	203,200	252,200	553,800	
<b>Provincial Contribution to ECD Programs or (Federal Transfers not yet invested in ECD)</b>		<b>161,800</b>						

**OBSERVATIONS**

Other than the 2002/03 baseline reporting on early learning and child care services, none of Ontario’s public reports provide the total annual investment in individual programs. The baseline ECD report provides the total other ECD investments for each of the 4 priority action areas, but not by individual program. Prior to 2002/03, Ontario’s annual reporting on ECD did not include either child care or income support programs. While reports are available through 2005/06, they describe how federal transfers were spent (see notes 2, 3, 4), but do not explicitly show that these are the only changes in investments over time, nor do the reports show resulting total annual investment in individual programs (see, for example, p. 23 of 2005/06 report). Without this information, we don’t know if there have been increases or decreases in the provincial contribution to ECD. Therefore, we are not able to complete this investment chart and cannot confirm that all federal transfers have been accounted for.

**NOTES**

- Ontario’s 2002/03 annual reporting indicates that \$315.3 million was invested in fee subsidies (including Ontario Works Child Care Supplement), \$117.9 million – wage subsidies, \$46.6 million – special needs resourcing, \$15.9 million – resource centres and \$18.7 million – administration; total – \$514.3 million.

In subsequent years, Ontario reports that the federal transfers specifically for regulated early learning and child care were invested as follows:

	(\$ millions)	03/04	04/05	05/06
<b>Total federal transfers related to early learning and child care</b> (2003 & 2005 Agreements):		<b>9.7</b>	<b>58.2</b>	<b>359.4</b>
<i>Ontario public reports indicate federal transfers directed as follows:</i>				
CMSMs/DSSABs* – maintain licensing requirements, minor renovations & expenditures to maintain/increase capacity		9.7		
Improved access for children in child care programs within school community			18.8	
CMSMs/DSSABs – one-time payment for minor capital improvements			19.4	
CMSMs/DSSABs – fee & wage subsidies, special needs resources			20.0	58.2
CMSMs/DSSABs – unconditional grant for Best Start space creation (capital, operating)				296.1
Supporting provincial planning & administration				5.0
<b>Total</b>		<b>9.7</b>	<b>58.2</b>	<b>359.3</b>

2. For 2002/03 Ontario described and reported on its investment in the Ontario Child Care Supplement for Working Families, “an earned income tax credit ... a transfer payment to low and modest income parents”... “parents may spend the benefits ... any way they choose.” (Baseline report on early learning and child care, p. 11) Investments made under this income support program were not included in previous or subsequent annual reports.
3. Ontario’s ECD reporting subsequent to 2001/02 indicates that the federal ECD transfers were invested in each of the 4 action areas as follows:

(\$ millions)	<b>02/03</b>	<b>03/04</b>	<b>04/05</b>	<b>05/06</b>
<b>Federal ECD transfers (2000 Agreement):</b>	<b>154.2</b>	<b>193.5</b>	<b>194.0</b>	<b>194.4</b>
<i>Ontario public reports indicate federal transfers directed as follows:</i>				
Promoting Healthy Pregnancy, Birth and Infancy	16.0	19.7	25.8	28.4
Improving Parenting and Family Supports	42.4	53.5	56.2	50.3
Strengthening Early Childhood Development, Learning and Care**	86.6	107.1	107.3	110.7
Strengthening Community Supports	5.7	4.2	4.7	4.6
<b>Total per public reports</b>	<b>150.7</b>	<b>184.5</b>	<b>194.0</b>	<b>194.0</b>
<b>Difference - potential unspent federal ECD transfers</b>	<b>-3.5</b>	<b>-9.0</b>	<b>0.0</b>	<b>-0.4</b>

\*Consolidated Municipal Service Managers (CMSMs) and District Social Service Administration Boards (DSSABs) are the service system managers for child care, responsible for planning, managing delivery and funding 20% of approved costs (province funds 80%).

\*\*05/06 may include some child care investments re: Best Start (p.18)

### Annual Reporting on Comparative Non-Financial Early Learning and Child Care Indicators

	Baseline Year 0 00/01	Total Year 1 01/02	Total Year 2 02/03	Total Year 3 03/04	Total Year 4 04/05	Total Year 5 05/06	Change Over Baseline
<b>AVAILABILITY (note 1)</b>							
Licensed capacity (number of spaces) in centres	n/a	n/a	201,976	206,969	213,130	229,875	27,899
Total licensed home child care enrolment	n/a	n/a	18,553	19,838	19,392	19,748	1,195
<b>AFFORDABILITY (note 2)</b>							
Number of children receiving fee subsidies in Ontario's regulated child care system	n/a	n/a	120,261	115,919	119,587	119,233	-1,028

#### QUALITY

Clear comparative indicators not available

#### NOTES

1. 2005/06 report also includes comparative information by age group, by enrolment and on number of child care centres and home child care agencies.
2. 2005/06 report provides comparative information by type of subsidy, including regular fee subsidy, Ontario Works formal/licensed child care and Ontario Works informal/unlicensed child care.
3. All figures taken from 2005/06 report, pages 20-31. Because Ontario did not include child care services as part of its investments reported under the ECD agreement in 2000/01 and 2001/02, the Multilateral agreement baseline is applicable.



**Summary of Annual Financial Reporting on ECD Activities (\$'000's)**

	Notes	Baseline Year -1 99/00	Total Year 0 00/01	Total Year 1 01/02	Total Year 2 02/03	Total Year 3 03/04	Total Year 4 04/05	Total Year 5 05/06	Change Over 2000/01 Baseline
ECD – Early learning and child care services	1	51,016	60,161	64,772	67,126	73,004	77,087	78,819	18,658
ECD – Income supports to families	2	0	2,525	9,553	11,564	11,458	11,580	11,345	8,820
ECD – All other programs & services	1	13,827	17,578	20,711	28,388	31,227	34,646	38,948	21,370
<b>Total Investment – all ECD Programs</b>		<b>64,843</b>	<b>80,264</b>	<b>95,037</b>	<b>107,079</b>	<b>115,688</b>	<b>123,314</b>	<b>129,112</b>	<b>48,848</b>
Less: Federal Transfers for ECD & Multilateral Agreements	3	0	0	11,100	14,700	19,200	23,800	26,400	26,400
<b>Provincial Contribution to Programs before Bilateral Agreement</b>		<b>64,843</b>	<b>80,264</b>	<b>83,937</b>	<b>92,379</b>	<b>96,488</b>	<b>99,514</b>	<b>102,712</b>	<b>22,448</b>
Less: Federal Transfers under Bilateral Agreement		0	0	0	0	0	0	25,600	25,600
<b>Provincial Contribution or (Federal Transfers to be invested in future years)</b>		<b>64,843</b>	<b>80,264</b>	<b>83,937</b>	<b>92,379</b>	<b>96,488</b>	<b>99,514</b>	<b>77,112</b>	<b>-3,152</b>
% Funding for child care services			75.0%		62.7%			61.0%	
% Funding for income supports			3.1%		10.8%			8.8%	
% Funding for other ECD programs			21.9%		26.5%			30.2%	
<b>Total</b>			<u>100.0%</u>		<u>100.0%</u>			<u>100.0%</u>	

**OBSERVATIONS**

Manitoba's public reporting through 2005/06 clearly shows that the federal transfers under the ECD/ Multilateral Agreements were fully invested and, in fact, that the provincial contribution increased throughout this time period. While not specifically identified in the 2005/06 report, it appears that a minimum of \$3.2 million of the federal transfers under the Bilateral Agreement are carried forward into future years (calculated as the amount required to maintain the 2000/01 FPT baseline investment).

**NOTES**

1. Public reports indicate some programming for children over six included.
2. Includes National Child Benefit Supplement (NCBS) Restoration, which is available to low income families with children as part of the National Child Benefit program. Manitoba has restored the full amount of the NCBS for children whose parents receive income assistance benefits. Figures also include investments made under the Healthy Baby program. Categorizing this investment as income supports assumes that the prenatal benefit payment to parents comprises the majority of the expenditure.
3. Manitoba's ECD plan commenced in April 2000, so their baseline year started one year earlier than the general FPT baseline (1999/00 = year -1). However, to facilitate valid comparison, the 'change over baseline' and '% change' columns measure increased investment over the FPT baseline.

**Annual Reporting on Comparative Non-Financial Early Learning and Child Care Indicators**

	Total Year 0 00/01	Total Year 1 01/02	Total Year 2 02/03	Total Year 3 03/04	Total Year 4 04/05	Total Year 5 05/06	Change Over Baseline
<i>The following indicators have been extracted from various annual reports to provide an overall sense of the non-financial progress reporting; additional indicators are available.</i>							
<b>AVAILABILITY</b>							
Number of spaces for preschool children	23,022	24,009	24,777	25,634	25,726		
<b>ACCESSIBILITY</b>							
Per cent of preschool children for whom there was a regulated space		21.2%	22.9%	22.6%	22.7%		
<b>AFFORDABILITY</b>							
Maximum daily child care fees (centre based)		\$16.40	\$18.80	\$18.80	\$18.80		
Average number of children receiving subsidized child care per 4-week period		11,020	11,455	11,568	11,027		
Annual operating grant per centre based preschool space		1,872	2,002	2,132	2,262		
<b>QUALITY</b>							
Number of centre-based Early Childhood Educator IIs (diploma required for classification)		806	842	925	986		
Change in wages for trained Early Childhood Educator IIs		+4.9%	+3.5%	+1.5%	+8.3%		
Per cent of centre spaces that are non-profit		92.7%	92.4%	91.9%	93.2%		
<b>INCLUSIVE</b>							
Number of children with disabilities served		1,202	1,271	1,366	1,490		
<b>PARENTAL CHOICE</b>							
Number of funded extended-hour child care spaces		384	398	419	393		
Number of group family child care homes in rural and small urban centres		21	22	28	32		

**Summary of Annual Financial Reporting on ECD Activities (\$000's)**

	Notes	Baseline Year 0 00/01	Total Year 1 01/02	Total Year 2 02/03	Total Year 3 03/04	Total Year 4 04/05	Total Year 5 05/06	Change Over Baseline
ECD - Early learning and child care services	1							
ECD - Income supports to families								
ECD - All other programs & services	2							
<b>Total Investment - all ECD Programs</b>								
Less: Total Federal Transfers		0	9,700	12,700	16,500	20,300	44,000	
<b>Provincial Contribution to ECD Programs or (Federal Transfers not yet invested in ECD)</b>								

**OBSERVATIONS**

The 2005/06 public report, pages 18 & 20, concisely summarizes annual ECD funding for 2001/02 through 2005/06 and annual early learning and child care funding for 2002/03 through 2005/06 in 2 tables. However, ECD baseline information for 2000/01 is not included in these tables, nor is child care for 2000/01 and 2001/02.

The Province produced a separate ECD report for 2000/01 showing total investment in all ECD programs, including child care and kindergarten, of \$50 million. But program descriptions, investments and totals in this baseline report are not comparable to subsequent reports so we are unable to include the required ECD baseline data in the investment chart. Even if we remove kindergarten from the baseline report (because it can be clearly separated in the baseline report and is not reported in subsequent years), the resulting baseline investment of \$40.4 million (2000/01 report, p.3) is not directly comparable to the total reported investment of \$6.3 million in 2001/02.

Without information relative to baseline investments, we cannot confirm how the provincial contribution to all ECD programs has changed over time. As a result, we are unable to confirm that all federal transfers for ECD have been invested to date.

Nonetheless, a review of the non-financial indicators on p. 19 & 20 of the 2005/06 report shows growth trends in prekindergarten programs and spaces since 2002/03.

In addition, these indicators also show that federal transfers in some years have been used to increase the number of licensed child care spaces and average monthly child care subsidies.

**NOTES**

1. From the information that is available and comparable, the following chart shows that federal transfers under the Multilateral were fully invested in early learning and child care. One way to confirm this is to calculate the average annual provincial contribution under the Multilateral to date (i.e. between 2003/04 and 2005/06), which is \$19.9 million – an average increase of \$0.7 million over the baseline of \$19.2 million.

However, funding of \$21.7 million related to the bilateral agreement was received in 2005/06 but is not discussed in that public report, nor has it yet been accounted for.

## SASKATCHEWAN

	Year 2 02/03	Year 3 03/04	Year 4 04/05	Year 5 05/06
<i>Per 2005/06 report page 20:</i>				
ECD – Early learning and child care services	19,247	22,150	23,488	26,328
Less: Federal Transfers under Multilateral Agreement	0	800	4,700	6,900
<b>Provincial Contribution to Programs before Bilateral Agreement</b>	<b>19,247</b>	<b>21,350</b>	<b>18,788</b>	<b>19,428</b>

2. The 2005/06 report also tracks the investment in ECD from 2001/02 through 2005/06. However, in this case it appears that there are federal transfers yet to be invested in ECD.

	Year 1 01/02	Year 2 02/03	Year 3 03/04	Year 4 04/05	Year 5 05/06
<i>Per 2005/06 report page 18:</i>					
ECD – Early learning and child care services	1,019	1,019	1,019	1,019	1,019
ECD – All other programs & services	5,256	7,985	11,740	13,481	14,418
<b>Total Investment – all ECD Programs</b>	<b>6,275</b>	<b>9,004</b>	<b>12,759</b>	<b>14,500</b>	<b>15,437</b>
Less: Federal Transfers under ECD Agreement	9,700	12,700	15,700	15,600	15,400
<b>Provincial Contribution to Programs or (Federal Transfers not yet invested in ECD)</b>	<b>-3,425</b>	<b>-3,696</b>	<b>-2,941</b>	<b>-1,100</b>	<b>37</b>

### Annual Reporting on Comparative Non-Financial Early Learning and Child Care Indicators

	Total Year 0 00/01	Total Year 1 01/02	Total Year 2 02/03	Total Year 3 03/04	Total Year 4 04/05	Total Year 5 05/06	Change Over Baseline
<b>AVAILABILITY</b>							
Number of spaces (infant through school age)	4,650		5,123	5,540	5,768	6,317	
<i>Number of Licensed Centres</i>	126		138	153	158	173	
<b>AFFORDABILITY</b>							
Average number of subsidies			3,535	3,408	3,518	3,375	
<i>Average monthly subsidy</i>			240	255	265	283	
<b>QUALITY</b>							
<i>Clear comparative indicators not available</i>							

### NOTES

1. Figures for 2002/03 to 2005/06 taken from 2005/06 report, pages 19-20

## Summary of Annual Financial Reporting on ECD Activities (\$000's)

	Notes	Baseline Year 0 00/01	Total Year 1 01/02	Total Year 2 02/03	Total Year 3 03/04	Total Year 4 04/05	Total Year 5 05/06	Change Over 2000/01 Baseline
ECD - Early learning and child care services	1							
ECD - Income supports to families								
ECD - All other programs & services	2		344,915	378,052				
<b>Total Investment - all ECD Programs</b>								
Less: Total Federal Transfers		0	29,600	39,700	52,400	65,100	143,900	
<b>Provincial Contribution to ECD Programs or (Federal Transfers not yet invested in ECD)</b>								

### OBSERVATIONS

Alberta implemented an ECD Initiative in 1998/99, and since that time public reporting suggests an increased provincial contribution to this initiative. While Alberta has issued public reports through 2003/04, due to information gaps as outlined in the notes below we were unable to confirm the FPT baseline (2000/01) investments and the total investments in subsequent years' public reports. At the time of this analysis, public reports were not available for 2004/05 and 2005/06 and therefore the federal transfers for those years are not yet accounted for.

### NOTES

- Public reports available through 2003/04, however we were unable to track total investment in child care services, in part because 2003/04 report states that "it is important to note that this report focuses on investments stimulated by the Early Childhood Development Agreement and the Multilateral Framework on Early Learning and Childcare, representing only a small part of Alberta's total investments in child care services" (p. 33). Furthermore, investments under, and categorization of, Child Care Subsidy Program not clearly reported.
  - 2000/01 report indicates investments of \$63.8 million (1998/99) and \$63.9 million (2000/01) under "Child Care Subsidy and Integrated Child Care (CS)". No detail provided in text.
  - 2001/02 report on Early Childhood Development does not include this investment (see p. 22). No explanation provided in accompanying notes, nor is this investment, or any other child care-specific program, described in the accompanying text.
  - 2002/03 report indicates Child Care Subsidy Program expenditures of \$44 million, with accompanying information including rates, monthly average # of subsidized children in child care (10,158) and average monthly subsidy (\$356) (p32).
  - 2003/04 report indicates reduced Child Care Subsidy Program expenditures (\$41 million) with increased monthly average # of subsidized children (10,600).

Alberta received \$2.5 million under the Multilateral Framework Agreement in 2003/04; however, the information presented in the 2003/04 public report did not clearly show a corresponding increase in child care investments reported.
- Public reports show increased investment in and/or access to early childhood services between 1998/99 and 2002/03.
  - 2003/04 totals not included because program information (pages 36-39) not consistently comparable to table (p. 42) listing investments for 1998/99, 2001/02 and 2002/03.
  - 2000/01 not comparable or included because key program investment information (Services to Children with High Risk Circumstances) not available (p.5 ECD Baseline Report).

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**Annual Reporting on Comparative Non-Financial Early Learning and Child Care Indicators**


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	Baseline Year 0 00/01	Total Year 1 01/02	Total Year 2 02/03	Total Year 3 03/04	Total Year 4 04/05	Total Year 5 05/06	Change Over Baseline
<b>AVAILABILITY</b>							
Number of licensed day care spaces			25,494	25,494			
Number of family day home opportunities (spaces)			9,061	9,061			
			<u>34,555</u>	<u>34,555</u>			
<b>AFFORDABILITY</b>							
<i>Clear comparative indicators not available</i>							
<b>QUALITY (2003/04, p. 40)</b>							
<i>Certified staff providing child care:</i>							
Level 1 - minimum 50 hours ECD coursework (note 1)			2,945	2,595			
Level 2 - one year post-secondary ECD			711	676			
Level 3 - minimum two years post-secondary ECD			1,109	1,204			
			<u>4,765</u>	<u>4,475</u>			
Number of staff receiving Staff Support Funding Grants			4,000	>4,000			
Number of eligible daycare centres receiving Quality Recognition/Improvement Grants			444	493			

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**NOTES**

1. 2002/03 report, p. 28 shows 2002/03 figure as 2,495.

**Summary of Annual Financial Reporting on ECD Activities (\$'000's)**

Notes	Baseline Year 0 00/01	Total Year 1 01/02	Total Year 2 02/03	Total Year 3 03/04	Total Year 4 04/05	Total Year 5 05/06	Change Over Baseline
ECD – Early learning and child care services	146,334	151,136	98,053	115,400	133,034	172,138	25,804
ECD – Income supports to families	0	0	0	0	0	0	0
ECD – All other programs & services	150,102	180,020	218,077	210,899	215,966	236,165	86,063
<b>Total Investment – all ECD Programs</b>	<b>296,436</b>	<b>331,156</b>	<b>316,130</b>	<b>326,299</b>	<b>349,000</b>	<b>408,303</b>	<b>111,867</b>
Less: Federal Transfers for ECD & Multilateral Agreements	0	39,400	52,500	68,900	85,400	95,600	95,600
<b>Provincial Contribution to Programs before Bilateral Agreement</b>	<b>296,436</b>	<b>291,756</b>	<b>263,630</b>	<b>257,399</b>	<b>263,600</b>	<b>312,703</b>	<b>16,267</b>
Less: Federal Transfers under Bilateral Agreement	0	0	0	0	0	92,000	92,000
<b>Provincial Contribution or (Federal Transfers to be invested in future years)</b>	<b>296,436</b>	<b>291,756</b>	<b>263,630</b>	<b>257,399</b>	<b>263,600</b>	<b>220,703</b>	<b>-75,733</b>
% Funding for child care services	49.4%		31.0%			42.2%	
% Funding for income supports	0.0%		0.0%			0.0%	
% Funding for other ECD programs	50.6%		69.0%			57.8%	
<b>Total</b>	<b>100.0%</b>		<b>100.0%</b>			<b>100.0%</b>	

**OBSERVATIONS**

BC combines other ECD and child care expenditures in the early years of public reporting and then separates them after 2002/03. While BC's reporting appears to be relatively clear, comparable and consistent, this separation raises questions about the comparability of the information provided throughout the reporting period, and highlights the importance of explanatory notes to support the public's ability to clearly track progress.

Specifically, BC's 2002/03 report indicates that child care subsidies decreased from \$101.8 million in 2000/01 to \$78.2 million in 2002/03. No explanation is provided for this decrease. Subsequent reports, which separate early learning and child care services from other ECD programs, indicate that child care subsidies for 2002/03 were \$46.6 million. Again, no explanation is provided for this adjustment.

It may be that the investment in child care subsidies from 2002/03 onwards is calculated using different criteria than the subsidies in earlier years, such that the financial information is not as comparable as it appears to be. If that's the case, the financial story told in BC's existing reports requires clarifying or explanatory notes.

Without explanatory notes, BC's reports suggest that there are unspent ECD/Multilateral transfers in 2001/02 through 2004/05 because the provincial contribution is below the baseline in each of these years.

BC's 2005/06 report shows that the ECD/Multilateral transfers for that year were fully invested (the provincial contribution exceeds the baseline), but that \$75.7 million of the \$92 million received under the Bilateral Agreements have not yet been invested in early learning and child care services.

## Annual Reporting on Comparative Non-Financial Early Learning and Child Care Indicators

	Baseline Year 0 00/01	Total Year 1 01/02	Total Year 2 02/03	Total Year 3 03/04	Total Year 4 04/05	Total Year 5 05/06	Change Over Baseline
<b>COMPARATIVE INDICATORS</b> (2005/06 report, pages 38 - 41):							
AVAILABILITY							
See note 1							
ACCESSIBILITY							
Number of children assisted through the Supported Child Development Program							
			3,061	3,767	2,922	3,852	
AFFORDABILITY							
Average number of children receiving subsidy per month (note 2)							
		25,263	23,419	21,704	22,612		
QUALITY (note 3)							
Workshops/courses offered by Child Care Resource and Referral Programs							
Number of courses			1,095	1,091	1,906	1,030	
Number of participants			14,332	17,522	12,678	13,993	

### NOTES

- BC's public reports describe growth in the number of licensed spaces receiving operating funding contributions. This information is summarized below rather than in the availability section above for data comparability and consistency reasons. Other governments typically use 'availability' to describe the actual number of regulated, licensed or approved spaces, programs or facilities. Indicators describing number of spaces receiving funding contributions are generally shown in the category to which the operating funding was specifically directed. For example, governments may require that such funding be used to increase wages, in which case they would include this indicator in the quality category.

The public reports do not provide such specific spending parameters for the BC Child Care Operating Fund, therefore this information is summarized below:

	02/03	03/04	04/05	05/06
Number of licensed full-time spaces receiving child care operating funds	45,871	48,440	52,040	54,007

- This data is accompanied by notes explaining that:
  - as a result of changing demographics, the proportion of children in the province aged six and younger has declined by 5%...
  - refinements in the subsidy information system have enabled improvements in the reporting of the number of children receiving subsidy.
- The 2005/06 public report includes a table on p. 40 with data on the number of new early childhood educators with various levels of training, but the table does not clearly indicate that these early childhood educators are working in child care. Again, for comparability and consistency reasons, this information is shown below rather than in the quality section above, because other jurisdictions typically use the quality section to describe the actual number staff in child care programs.

	02/03	03/04	04/05	05/06
Number of new early childhood educators certified	622	674	634	907
Number of new Infant/Toddler certified early childhood educators	189	167	134	196
Number of new Special Needs Educator certifications to early childhood educators	126	151	105	143



**Summary of Annual Financial Reporting on ECD Activities (\$000's)**

Notes	Baseline Year 0 00/01	Total Year 1 01/02	Total Year 2 02/03	Total Year 3 03/04	Total Year 4 04/05	Total Year 5 05/06	Change Over Baseline
ECD – Early learning and child care services	5,335		5,199	5,550			
ECD – Income supports to families	0		0	0			
ECD – All other programs & services	4,222		5,543	5,723			
<b>Total Investment – all ECD Programs</b>	<b>9,557</b>		<b>10,742</b>	<b>11,273</b>			
Less: Total Federal Transfers	0	300	400	520	600	1,400	
<b>Provincial Contribution to ECD Programs or (Federal Transfers not yet invested in ECD)</b>	<b>9,557</b>		<b>10,342</b>	<b>10,753</b>			
% Funding for child care services	55.8%		48.4%	49.2%			
% Funding for income supports	0.0%		0.0%	0.0%			
% Funding for other ECD programs	44.2%		51.6%	50.8%			
<b>Total</b>	<b>100.0%</b>		<b>100.0%</b>	<b>100.0%</b>			

**OBSERVATIONS**

We were unable to locate the 2001/02 report, so figures not provided for that year. However, public reports for the following 2 years show that the increased provincial contribution to ECD more than accounts for the \$0.3 million in federal transfers received in 2001/02.

At the time of this analysis, public reports were not available for 2004/05 and 2005/06 and therefore the federal transfers for those years are not yet accounted for.

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**Annual Reporting on Comparative Non-Financial Early Learning and Child Care Indicators**


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	Baseline Year 0 00/01	Total Year 1 01/02	Total Year 2 02/03	Total Year 3 03/04	Total Year 4 04/05	Total Year 5 05/06	Change Over Baseline
<b>AVAILABILITY</b>							
Number of regulated spaces			1,226	1,310			
<b>AFFORDABILITY</b>							
Average/median monthly fees for toddler space			\$510 - \$521	\$550			
Maximum subsidy/month for toddler space			\$450	\$450			
<b>QUALITY</b>							
Per cent of child care workers with some level of training			70%	72%			
Per cent of child care workers with full level 3 designation			24%	28%			
Average hourly wage of fully qualified worker			\$15	\$16			
Average hourly wage of untrained worker			\$10	\$10			

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**Summary of Annual Financial Reporting on ECD Activities (\$000's)**

	Notes	Baseline Year 0 00/01	Total Year 1 01/02	Total Year 2 02/03	Total Year 3 03/04	Total Year 4 04/05	Total Year 5 05/06	Change Over Baseline
ECD – Early learning and child care services	1	1,367		2,250	1,902			
ECD – Income supports to families		0						
ECD – All other programs & services		2,156						
<b>Total Investment – all ECD Programs</b>		<b>3,523</b>						
Less: Total Federal Transfers		0	400	500	730	900	1,900	
<b>Provincial Contribution to ECD Programs or (Federal Transfers not yet invested in ECD)</b>		<b>3,523</b>						

**OBSERVATIONS**

While public reports are available through 2004/05, there are information gaps and challenges in comparing the data. Also, at the time of this analysis public reports were not available for 2005/06. Therefore we are not able to complete the investment chart and confirm the use of federal transfers throughout the reporting period.

For example, the 2000/01 report describes the components of the Early Childhood program, totalling \$797,000 in expenditures in that year. No comparable information is provided for 2001/02. 2002/03 and 2003/04 reports indicate \$1.5 million invested in this program each year, then no comparable information provided for 2004/05.

Regarding other ECD programs, program descriptions and investment information were not consistently comparable from year to year. Sometime programs were ‘bundled’ together for expenditure reporting purposes, other times they weren’t. Also, it wasn’t always clear which programs were new (and therefore comparison to previous year not required). Finally, in some years it appeared that the reports only provided information on how the federal transfers were allocated, rather than the total investment in ECD programs.

**NOTES**

1. In addition to the Early Childhood Development program described above, early learning and child care services includes the Child Care User Subsidy (investment information missing for 2001/02) and Aurora College ECE Certification Program (investment information missing for 2001/02 and 2004/05).

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**Annual Reporting on Comparative Non-Financial Early Learning and Child Care Indicators**


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	Baseline Year 0 00/01	Total Year 1 01/02	Total Year 2 02/03	Total Year 3 03/04	Total Year 4 04/05	Total Year 5 05/06	Change Over Baseline
<b>AVAILABILITY</b>							
Number of spaces (note 1)			1,234	1,219	1,403		
Number of programs	70		75	81	99		
<b>ACCESSIBILITY</b>							
<i>Clear comparative indicators not available</i>							
<b>AFFORDABILITY</b>							
<i>Clear comparative indicators not available</i>							
<b>QUALITY</b>							
Number of Language Nest programs		new/startup	14	18	18		

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**NOTES**

1. 2004/05 figure as at March 2004 (p. 13)

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**Summary of Annual Financial Reporting on ECD Activities (\$000's)**


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Notes	Baseline Year 0 00/01	Total Year 1 01/02	Total Year 2 02/03	Total Year 3 03/04	Total Year 4 04/05	Total Year 5 05/06	Change Over Baseline
ECD – Early learning and child care services	2,078	2,175	2,671	2,145			
ECD – Income supports to families							
ECD – All other programs & services	1,540	1,533	1,533	993			
<b>Total Investment – all ECD Programs</b>	<b>3,618</b>	<b>3,708</b>	<b>4,204</b>	<b>3,138</b>			
Less: Total Federal Transfers	0	300	400	520	600	1,400	
<b>Provincial Contribution to ECD Programs or (Federal Transfers not yet invested in ECD)</b>	<b>3,618</b>	<b>3,408</b>	<b>3,804</b>	<b>2,618</b>			
% Funding for child care services	57.4%		63.6%	68.4%			
% Funding for income supports	0.0%		0.0%	0.0%			
% Funding for other ECD programs	42.6%		36.4%	31.6%			
<b>Total</b>	<b>100.0%</b>		<b>100.0%</b>	<b>100.0%</b>			

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**OBSERVATIONS**

Public reports through 2003/04 show that there are federal transfers carried forward (not yet invested) from 2003/04, as the provincial contribution is below baseline. The reduction in ECD expenditures in 2003/04 is not clearly explained, although the report indicates that 2 child care programs closed temporarily due to management concerns (p. 7). We note that the public reports do not provide expenditures by individual program. Finally, at the time of this analysis, public reports were not available for 2004/05 and 2005/06 and therefore the federal transfers for those years are not yet accounted for.

**Annual Reporting on Comparative Non-Financial Early Learning and Child Care Indicators**

	Baseline Year 0 00/01	Total Year 1 01/02	Total Year 2 02/03	Total Year 3 03/04	Total Year 4 04/05	Total Year 5 05/06	Change Over Baseline
<b>AVAILABILITY</b>							
Number of spaces	831	896	1,045	978			
Number of programs	31	40	49	48			
<b>ACCESSIBILITY</b>							
Per cent of children <6 with access to child care space			>18%	18%			
<b>AFFORDABILITY</b>							
Number of subsidy applications approved			296	267			
<b>QUALITY</b>							
<i>Clear comparative indicators not available</i>							

**Summary of Annual Financial Reporting on ECD Activities (\$'000's)**

	Notes	Baseline Year 0 00/01	Total Year 1 01/02	Total Year 2 02/03	Total Year 3 03/04	Total Year 4 04/05	Total Year 5 05/06	Change Over Baseline
ECD – Early learning and child care services per report	1	108,285	107,663	133,052	139,754	147,413	163,569	55,284
Add: Child Care Expense Deduction	1	595,000	530,000	535,000	535,000	535,000	545,000	-50,000
<b>Total Early Learning and Child Care</b>	1	<b>703,285</b>	<b>637,663</b>	<b>668,052</b>	<b>674,754</b>	<b>682,413</b>	<b>708,569</b>	<b>5,284</b>
ECD – Income supports to families	2	1,623,980	2,514,827	3,068,696	3,264,752	3,382,549	3,316,551	1,692,571
ECD – All other programs & services	3	282,852	297,497	318,099	343,068	359,484	381,508	98,656
<b>Total Direct Investment - all ECD Programs</b>	4	<b>2,610,116</b>	<b>3,449,987</b>	<b>4,054,847</b>	<b>4,282,574</b>	<b>4,424,447</b>	<b>4,406,627</b>	<b>1,796,511</b>
Add: Federal Transfers to provinces and territories	5	0	300,000	400,000	525,000	650,000	1,425,000	1,425,000
<b>Federal Contribution to ECD Programs</b>		<b>2,610,116</b>	<b>3,749,987</b>	<b>4,454,847</b>	<b>4,807,574</b>	<b>5,074,447</b>	<b>5,831,627</b>	<b>3,221,511</b>
% direct investment in child care services		26.9%		16.5%			16.1%	
% direct investment in income supports		62.2%		75.7%			75.3%	
% direct investment in other ECD programs		10.8%		7.8%			8.7%	
<b>Total*</b>		<b>100.0%</b>		<b>100.0%</b>			<b>100.0%</b>	

\*based on direct investment, as allocation of transfers between categories cannot be determined.

**OBSERVATIONS**

Public reports through 2005/06 provide expenditures for approximately 70 programs that the federal government funds or operates directly within four categories: healthy pregnancy, birth and infancy; parenting and family supports; early childhood development, learning and care; community supports. Investment information is also provided for: services for First Nations, Inuit and Metis Children and Families; research and information. Federal transfers under the ECD/Multilateral Agreements are reflected in the public reports, but “funding of \$700 million for 2004/05 and 2005/06 [which] was paid into a third-party trust and accounted for by the Government of Canada in 2004/05” is not included (<http://www.fin.gc.ca/FEDPROV/fsce.html>). The latter federal contribution is added to this analysis to maintain consistency with PT reporting as well as project work to date, which has relied on the federal transfer information available at this web site.

Figures in the above investment chart have been calculated from the individual program expenditures, as the public reports do not provide category or overall totals.

**NOTES**

1. Section 2 of the most recent report highlights early learning and child care activities and expenditures totalling \$163.6 million. Investment growth generally in direct funding of child care and related programs for First Nations, Inuit and Metis children and families. Of the \$55.3 million overall increase in investment over baseline, for example, \$25.8 million funded increased Aboriginal Head Start programs. Although Section 1 of the report includes the Child Care Expense Deduction as part of overall ECD, learning and care investments,

this expense has not been included in early learning and child care investments in section 2. For the purposes of this investment chart, we have added it to the early learning and child care category because the child care expense deduction supports working or studying parents with their non-parental child care costs.

2. Key component of income supports paid directly to families is parental and maternity benefits, accounting for almost \$3 billion of 2005/06 investment, and total increase over last 5 years. This increased investment parallels major policy change in December 2000 which substantially expanded program. The National Child Benefit Supplement and the First Nations Child Benefit Reinvestment Initiative make up the other investments in this category.

3. Includes all remaining ECD programs (almost 60).

**Annual Reporting on Comparative Non-Financial Early Learning and Child Care Indicators**

	Total Year 0 00/01	Total Year 1 01/02	Total Year 2 02/03	Total Year 3 03/04	Total Year 4 04/05	Total Year 5 05/06	Change Over Baseline
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**SELECTED COMPARABLE INDICATORS** (from 2004/05 and 2005/06 report):

**AVAILABILITY**

*Aboriginal Head Start on Reserve (p. 28)*

Number of sites	314	307	307	354	332		
Number of children <6 and their families	6,467	7,150	7,429	9,101	9,415		

*Aboriginal Head Start in Urban and Northern Communities (p. 35)*

Number of children <6 and their families	3,200	3,536	3,616	4,122	3,980	4,500	1,300
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*First Nations and Inuit Child Care Initiative*

Number of regulated spaces (p. 32)	7,000	7,000	7,000	7,500	7,500	7,500	500
Subsidy per space (p. 55)		\$6,000	\$6,500	\$6,500	\$6,500		

*Child/Day-care Program – Alberta (First Nations) (p. 32)*

Number of regulated spaces			812	762	812	812	
Number of children <6 and their families	1,046	1,113	1,006	976		1,157	

*Child/Day-care Program – Ontario (First Nations) (p. 33)*

Number of children <6 and their families	2,097	3,243	3,018	2,797	2,799	2,951	854
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*Child Care Expense Deduction (p. 22)*

Number of claims by individual tax filers	1,072,780	1,080,210	1,109,040	1,137,840	1,143,680	1,099,240	26,460
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**AFFORDABILITY**

No specific indicators provided but text includes discussion of affordability for most programs

**QUALITY**

No specific indicators provided but text includes discussion of training, standards activities, etc.



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## APPENDIX II: REPORT OF EXTERNAL REVIEWER

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Date: October 28, 2007

To: Lynell Anderson, CGA  
Project Director  
Child Care Advocacy Association of Canada (CCAAC)

From: Gordon Gray, CGA

Re: Review of MTC Project

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As requested, I have reviewed the draft report (and support documentation) of the MTC project. In doing so, I used the following methodology:

1. Reviewed in detail all introductory documents, beginning with the First Ministers' Meeting Communiqué on Early Childhood Development (September 11, 2000);
2. Reviewed in detail the most recent annual report from each of the reporting regions (provincial, territorial and federal);
3. Reviewed in detail all financial information and non-financial indicators provided within the annual reports for each of the reporting regions in order to confirm accuracy of information extracted from those reports for inclusion in CCAAC's final report;
4. Reviewed in detail the draft of the final report to compare its conclusions with my own.

My comments should be prefaced by the fact that I am not in any way a childcare professional, and therefore might have been unable to make assumptions or connections that would be obvious to someone in the field.

Briefly, my understanding of the MTC project is as follows:

Beginning with the First Ministers' Meeting in September 2000, there was agreement to a major enhancement of funding for child development in each territory and province. This funding was essentially in three stages:

- a. the Early Childhood Development Agreement (ECD) to commence in fiscal 2001/02;
- b. additional funding for Early Learning and Child Care (ELCC), to commence in fiscal 2003/04;
- c. additional funding to support the Early Learning and Child Care Initiative (ELCCI), to commence in fiscal 2004/05.

The federal funding plan under the ELCCI was cancelled due to a change of government. However, funding for the first three years of the ELCCI took place before this change.

The focus of the entire funding program is aimed at children under the age of 6. Provinces and territories were free to apply the funds as they felt best met the needs of children within that target age group. Underlying the entire funding program was the commitment by the First Ministers that annual public reports were to be issued on a timely basis allowing any interested Canadian to learn how the funds were being spent, and to what effect. This included commitments to include year-to-year comparative reporting figures, and to develop common reporting tools and formats.

The purpose of the CCAAC report is to assess the effectiveness of the regional and federal reporting to date to see if it meets the commitments to timeliness and usefulness agreed to by the First Ministers.

From my review of the various annual reports, and tracking the financial data CCAAC extracted from the reports, I draw the following conclusions:

1. There is a wide range of reporting formats. While an overview of all the reports suggests an increase in programs aimed at the target preschool child since the baseline year of 2000/2001, a number of the regional reports are structured in a manner that makes year-to-year comparison, or analysis, of those expenditures difficult;
2. The timeliness of the reports also varies widely, with a few regions being current to the 2005/06 year, and others 2-3 years or more behind;
3. The financial figures CCAAC extracted from the various reports are, in my opinion, very accurate. Any differences were minimal, appearing only to be rounding errors. I note also that CCAAC's review of the financial data identified, and adjusted for, a number of computational errors found in the regional reports;
4. I noted several instances where financial figures existed in reports, but were not extracted by CCAAC due to concerns with the clarity, comparability and/or application of those figures;
5. CCAAC appears therefore to consistently have applied a conservative accounting approach in choosing financial data for analysis. By this I mean the analysis focuses on financial data that is free of ambiguity, that is summarized on a consistent basis, and that is comparable from one reporting year to the next. As is stated in the CCAAC report, *"We did not have the mandate, the authority or the resources to confirm the accuracy of the information provided by governments in their public reports, the reasonableness of the estimates used or the appropriateness of the methodology employed."* Therefore, I consider their cautious approach to extracting analytical data to be both prudent and appropriate.

In essence, I believe that the CCAAC report fairly represents the current state of financial reporting of the various funding received under the ECD, ELCC and ELCCI. Further, I believe that CCAAC's report recommendations are reasonable and appropriate.

**Other:**

While the actual mechanics of reporting, or rather the changes to same, are not the focus of CCAAC's report, the following came to mind during my review:

- a. While this may be understood to those within the childcare community, I found myself confused over the age range of children to whom these programs were to apply. To me, "0 – 6" includes children who are 6 years of age. I suggest a standard wording be recommended, such as "children who are younger than 6 years".

- b. In dealing with non-financial measures, I suggest additional wording be provided to explain these measures to the layperson. For example, on page 12 of the 03/04 report from Yukon, it notes that there were 2,426 children in Yukon between the ages of 0 and 6, that there were 1310 regulated childcare spaces, and that these spaces had an 83% occupancy rate. However, the last sentence on the page states: "Approximately 34% of Yukon children between the ages of 0 to 5 years are in regulated child care." If one takes 83% of 1310 spaces, the result is 1087. If one takes 34% of 2,426 children, the result is 825. I could not reconcile these statements.
- c. I suggest that regions be required to identify funding being carried forward to the following year. At least one region identified funding carried forward from the *previous* year, but made no mention of carry-forwards from the *current* year. In my opinion, funds carried forward, even if already allocated, should be identified.
- d. I suggest that all regions adopt a standard phrasing for the expenditure of funding. A number of regions use the term "allocation", such as "\$2,000,000 was allocated to this program." To me, "allocation" is the same as "budget"; namely, it means a *planned* expenditure rather than an actual one. It suggests the possibility that some of the funds remain unspent.
- e. I suggest that a standard be adopted for the reporting on funds in trust from ELCCI (2005). While the timing of delivery of the 2004/05 portions of these funds was such that regions did not, in essence, receive them until fiscal 2005/2006, the funds were delivered for those two years. However, I found that more than one region did not report ELCCI funds at all. The amounts allocated to the regions under ELCCI appear to be substantial and are identified as funds in trust. In my view, these funds should be clearly identified and reported, even if the funding has been reallocated.
- f. I suggest that the receipt of funds be clearly stated in full and that, in cases where the full amount of funding was not received, the reasons be stated. For example, in the 2004/2005 report for Nova Scotia, the Background (p.6) identifies that the province received "approximately" \$14.0 million from ECD, and "approximately" \$2.7 million from ELCC. According to the federal government document "Federal Support for Early Childhood Development and Early Learning and Child Care", Nova Scotia's shares were \$14.7 and \$4.4 million, respectively, a difference of approximately \$2.4 million. I was unable to reconcile this difference.
- g. The current state of regional reporting notwithstanding, I found the analysis of financial and non-financial information difficult. In my view, even the best of the regional reports is essentially useful only to a financial and/or childcare professional. The CCAAC draft report identifies the need to have public stakeholders involved in developing reports (or summaries thereof) that are meaningful to the layperson. I fully concur.

I am pleased to have been of service to CCAAC, and am open to any questions or requests for further information or clarification.

Regards,



Gordon Gray, CGA