6 Discussion and conclusions

Almost 50 years ago, Elsie Stapleford, one of the architects of Ontario's war-time day nurseries, a contributor to Canada's first child care legislation and a long-time Ontario public servant responsible for the province's child care branch wrote, "A good nursery is expensive to operate. A poor one can be lucrative for the owner" (1976). This statement summed up much about the issue of auspice then and now. Today Canada's child care is on the verge of a transformation that has been 50 years in the making (Pasolli, 2021). With a multi-billion federal commitment to build a universal system of high quality child care, the nature of Canada's future early learning and child care is at the forefront of public debate and under intense scrutiny. With historic public spending, and committed government intentions to build a child care system on the table, Elsie Stapleford's 1976 observation remains pertinent today.

The crisis of the COVID-19 pandemic exposed two hard truths about child care. First, reliable, affordable and available child care is essential for a well-functioning economy, society and for parents' and children's well-being. Second, Canada's market-based child care arrangements are unable to support the reliable services needed as part of Canada's social infrastructure. As the federal government promises to work with provinces/territory/Indigenous communities to build a system of early learning and child care in Canada, longstanding questions about where for-profit child care services fit into the system have again emerged. What is best for children and families? How can public money be used best? What is the right thing to do? What will achieve the ambitious goals the Government of Canada has set out for the child care program?

What sort of system do we want to build going forward? And what is the evidence on the issues and concerns about relying on for-profit child care that have been raised in Canada and outside Canada for 50 years?

In child care, and across care sectors, the objective of profit-making collides with the objective of providing high quality and accessible care. Profits can, by definition, only be made when revenue exceeds expenses. Thus, reducing expenses or raising prices are the only ways to generate profit margins. In the business of care—notably care of children, or of the elderly— reducing expenses comes down to reducing their highest budget item, staffing, through paying low wages, hiring less qualified staff, and paying them less, or reducing ratios to provide fewer staff overall. As we describe in this paper, in Canada's long-term care sector, the consequences of limited oversight while exploiting precarious workers to deliver care to a vulnerable population were laid bare by the tragic deaths that took place in long term care facilities during the COVID-19 pandemic – 69% of Canada's deaths from COVID-19 (through February 2021) (Canadian Institute of Health Information, 2021). Although tragedies of this scope have not occurred in regulated child care, research substantiates again and again that the drive to maximize profits impacts staffing to erode quality in child care settings in a way similar to— though less extreme – long-term care. Given high labour requirements, profit-making by child care businesses necessarily comes at the expense of early childhood educators through low wages and poor working conditions, and at the expense of families through high fees.

Although some for-profit businesses may emphasize quality or choose to support their workers at the expense of higher profits, it is crucial to note that this is their individual choice, and not inherent or guaranteed anywhere in the design of for-profit care.

Three categories of concerns about for-profit child care

All these questions have formed the subject of this paper. As we have described, issues and concerns about for-profit child care fall into three main categories. The first category is concerned with whether the quality of early childhood programs is eroded by the necessity that child care owners and investors make profits, as they are established to do. As the paper has discussed, many studies in Canada and other countries illustrate how the drive for profit plays a role in why for-profit child care centres are, generally, of poorer quality than non-profits, particularly through staffing practices. The section of the paper comparing long-term care to child care across non-profit and for-profit sectors illustrates the similarities in how this plays out in labour intensive care sectors that care for vulnerable populations.

The second category of issues about for-profit child care challenges the efficiency of allowing public funds intended to support and expand affordable, equitable, high quality child care to be used instead for private profit. As the paper discusses, profits may take the form of payouts to shareholders or owners, or investments in real estate by large and small owners. These public child care funds diverted to profits are then not available to pay better wages for the child care workforce, make child care more affordable for parents or improve quality. The example of Australia's marketized child care illustrates how increase after increase in public funds failed to lower parent fees as they were intended to do. That for-profit child care gets "less bang for the buck" by failing to meet goals and objectives for quality, access and equity is yet another demonstration that publicly funding it is an inefficient use of public funds. Finally, the question of stewardship of public resources is a final element in the "inefficiency" category. That is, there is a loss of public resources when a for-profit child care operation ceases operation, as there are no rules about the disposition of assets bought with public dollars as there are for non-profit organizations.

The third issue of concern is one of ethics and values. Analysts argue that extracting profits from care services such as child care – regarded as a human right and a public good – is not ethical. Using the care of vulnerable populations, such as young children or the elderly, as a profit-generating opportunity is being publicly challenged, especially as attention has been drawn to the disproportionate share of deaths from COVID-19 that occurred in for-profit long-term care homes.

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A related concern is that for-profit firms have long lobbied governments to establish favourable conditions for child care businesses. In Canada, as far back as the 1970s, this took the form of professional lobbying to reduce staff: child care ratios (Mathien, 2021) and later, documented by Prentice (2000). In the United States, Nelson (1982) described professional lobbying for lower standards while in Australia, ABC Learning opposed paid maternity leave and well-connected politicians were sometimes indistinguishable from the child care entrepreneurs (Summers, 2002). Rush and Downie's research (2006) observed "One new concern brought to light by our research is that ABC Learning staff appear to be discouraged from raising any concerns about the operation of ABC Learning centres outside the company itself" (2006: ix).

Financialization

An emerging concern especially relevant to future developments in Canada as governments begin to build a quality early learning and child care system is the financialization and assetization of child care—a global ownership model that has the potential to become dominant in Canadian child care as it has elsewhere. Simon et al. described this development:

> The state has relied on private corporations to provide public services, and the private companies have in turn used global as well as national private investors to finance their expansion. The interests of global private investment companies have thereby come to shape public services. This process has also been tracked in detail for social care of the elderly (Simon et al., 2021, forthcoming: 5).

Child care in the U.K., the subject of the detailed Simon et al. study, has already become heavily dominated by financialization, whereas Canada has not. Nevertheless, the approach of corporations tied to private investment and equity interests seeking to operate child care as assets to be acquired, has already been modelled in Canada. While Canadian governments have not yet invested public dollars in child care on the same scale as has the U.K. or many other countries, the lure of substantial public dollars committed in the federal budget are drawing interest from new international and domestic investors (Friendly, Personal communication), similar to those Gallagher (2020), Penn & Mezzadri (2021) and Simon et al. (2021, forthcoming) have described in New Zealand and the U.K. Thus, lessons from these experiences are timely for Canada.

The frame of neoliberalism

The idea that early childhood education and care is merely another avenue for profits stems from a neoliberal conviction that everything is for sale in a market governing all human transactions and relations, and that markets are the best way to manage resources of all kinds. Peter Moss and Guy Roberts-Holmes (2021) thoroughly explore these concept and phenomena in a new book: *Neoliberalism and early childhood education*. They note that according to neoliberal conceptions, “everything has a price and is tradable in the market place, to be bought and sold for a profit” (Roberts-Holmes & Moss, 2021: 7). They describe how “importation of business management from profit-seeking businesses into education forces a wholesale change in the values, cultures and practices of schools away from notions of public service and towards a competitive market-based logic” (Roberts-Holmes & Moss, 2021: 55). And as Flemish ECEC scholar Michel Vandenbroeck notes in the book’s foreword,

> The neoliberal turn has a profound influence on the daily practices in early childhood education, on its funding mechanisms, on what data are produced, on inspection, performance and accountability, on the image of the child, the image of the parent and the image of the early childhood workforce (in Roberts-Holmes & Moss, 2021: xii).

In other words, the political ideology significantly affects how parents, children and the child care workforce experience child care on a daily basis.

The child care market model

There is no doubt at all that the current market system has failed to provide accessible and affordable child care for Canadians, and – as the pandemic crisis has made more salient – failed to sustain the child care needed to support the Canadian economy. Staff wages remain dismally low while parent fees rise in an ongoing tension. At the same time, many parents remain shut out of quality regulated child care entirely. Although issues with the market extend beyond for-profit services, for-profit services are intrinsically part of, enabled and encouraged by the market system, exemplifying how marketized child care inevitably fails to provide either quality or quantity of care (Friendly, 2019). Further, as public funds become more available and more substantial, the evidence shows that in the absence of robust rules and public accountability to protect affordable parent fees and decent wages, these funds are likely to become part of the profit margin.

What is usually termed a child care market model is a continuum that stretches from a completely unregulated "free market" with no funding, to highly regulated markets with high levels of directed funding to manage the market in a particular way. Canadian provinces and territories all provide regulatory oversight and varying levels and types of public funding. Thus, they are already engaged in varying components of public management. For example, some provinces, such as Quebec, Manitoba, Prince Edward Island, Newfoundland and Labrador, and most recently, the Yukon, manage their market systems (or parts of their market systems) by setting maximum daily fees that centres must adhere to in exchange for operational funding. Two provinces, Quebec and Prince Edward Island also require child care services to use provincially set staff wage scales. All provinces/territories regulate other elements of child care programs including staff: child ratios, staff training, physical environments, health, safety and food and pedagogy, or programming. All allow child care provision outside the licensing system but only up to a provincially regulated maximum number of children. Thus, Canada's child care market is already not wide open, and has become less so over time.

As the comparative studies and the provincial/territorial auspice profiles in this paper demonstrate, policy has very much influenced how public, non-profit and for-profit child care have grown, or not grown, across countries and Canada's provinces and territories. Thus, Canadian child care provision is not completely beholden to market forces but has been shaped through funding and program decisions made by politicians and policy makers. In Ontario, both Liberal governments and the NDP government have generally favoured non-profit services, as have some municipalities. The

City of Toronto and others, for example, have limited new service contracts for public funding to non-profits (Cleveland, 2018).
In Manitoba, for-profit services are allowed but only non-profit services have been eligible to receive operating grants and capital funding[19]. As a result, only 5% of centre spaces in Manitoba are provided by for-profit centres. Saskatchewan provides no public funding to for-profits, and there are almost none. Quebec has seen very rapid growth of a market sector of centres not required to use the set fees or wage scales of Quebec's centres de la petit enfance; these were incentivized by being indirectly funded through a parent tax credit. British Columbia has had a tremendous growth in recent years of for-profit centres in response to a substantial increase in capital grants and other public funds available to them.

Even in a market system, policies can be implemented that reward or discourage behaviors by changing the cost-benefit analysis for operators. Regulation of certain market aspects can also control the elements of child care that we know are crucial in providing high quality care, regardless of auspice. For example, we know that highly qualified and remunerated staff are central to quality, but also that depressing wages to increase profit margins is common practice in for-profit child care, hence the research findings that for-profit child care is likely to have lower paid and less qualified staff, so the quality of care is lower. Countries that have highly publicly managed, funded and delivered child care systems and a managed sector of for-profit operators (such as Norway) regulate wages through a standardized wage scale for all services. These countries also have publicly managed fees, and unionized child care workforces. Public funding to support these services is provided, and services remain affordable for families. However, as Vandenbroeck cautions:

> Early childhood services, once part of a successful public service are endangered. To give but one example of

19 In May 2021, Manitoba passed Bill 47, which will for the first time permit for-profit child care to receive these public funds.

> how fast the marketization and corporatisation of early childhood education has been spreading: In her well documented 2013 book on childcare markets, Eva Lloyd described France as a country with 60 years of state-funded and state-provided ECEC and therefore at the opposite end of commodification. However, between 2013 and 2017, [much of] the growth in child care places (25% in 2013, and half in 2017) was due to… private initiatives, and to a very large extent owned by a handful of corporate for-profit organizations (Vandenbroeck in Roberts-Holmes & Moss, 2021: xiii).

What to do

In 2021, Canada is at a child care crossroads, committing to invest historic sums of public money in building an accessible, affordable, quality, inclusive early learning and child care system for all. The federal budget states that

> The next five years of the plan will also focus on building the right foundations for a community-based and truly Canada-wide system of child care. This includes working with provinces and territories to support primarily not-for-profit sector child care providers to grow quality spaces across the country while ensuring that families in all licensed spaces benefit from more affordable child care (Department of Finance, 2021: 103).

This final section explores three elements related to this important statement about building the right foundations for a publicly funded universal child care system:

1. Maintaining the existing supply of licensed child care, public, non-profit and for-profit;

2. Regulating child care services more robustly so as to ensure public accountability for increased public funding;
3. Expanding the supply of quality early learning and child care to universal coverage only through non-profit and public services.

1. Maintaining the existing supply of licensed child care, non-profit and for-profit

Currently 28% of full and part day child care centre spaces in Canada are in centres operated for profit. In some provinces/territories, for-profit services provide the lion's share of child care, and in others, they provide none, or very little. Thus, many families rely on for-profit centres for care. Further, included in Canada's for-profit child care sector are many owners who developed child care services in an era when governments lacked interest in funding or building a child care system. Thus, in the interest of ensuring that families are not severely disadvantaged by losing their existing child care, a balanced policy solution would be to operationally fund existing for-profit services, together with public and non-profit services.

2. Regulating child care services more robustly to ensure public accountability for increased public funding

Evidence emerging from the Canadian and international research suggests that providing funding to owners of child care businesses without clear rules or accountability about how it must be spent is a poor use of public funds. For example, the auspice data in the Canadian Centre for Policy Alternatives' annual fee survey found that all but one of the relevant cities in which child care fees were surveyed showed higher median fees in for-profit centres—in some instances substantially higher—despite equivalent public (provincial/territorial) funding to both sectors (Macdonald & Friendly, 2021). A number of other Canadian studies have shown that wages are lower in for-profit centres even when public funding is equivalent (for example, Cleveland & Hyatt, 2000; Matthew, 2013; Forer, 2018; Varmuza, 2020). Comparative research points out that robust regulation and public accountability make it more possible for countries to be able to manage a for-profit sector (White & Friendly, 2014). Beach has described how this has functioned in Norway, where about 25% of child care provision is for-profit, although, as she notes "In spite of all the checks and balances in place, there is concern about public funds ending up as private profit" (see the Norway chapter in Friendly, Beach et al., 2020: 37). Thus, in an environment in which much more public funding will be provided in Canada, all provinces/territories need to regulate all licensed child care more stringently, setting affordable parent fees, establishing decent wages for staff using provincial/territorial wage scales, and requiring enhanced public accountability to ensure that all funds are directed to services.

3. Expanding the supply of quality early learning and child care to universal coverage through non-profit and public services

The research and analysis presented in this paper suggest that if the aim is to build a publicly funded and managed, accessible, affordable, high quality and equitable early learning and child care system, expanding for-profit services will be a detriment to meeting the stated goals. Thus, an evidence-based approach would be that any further development of early learning and child care services be only public and non-profit.

To achieve a sufficient supply of quality services needed for the desired universal, not-for-profit child care system, Canada will need a two-part strategy: first, curtailing the growth of additional for-profit child care and, second, creating an adequate supply of new public and non-profit child care. As Friendly, Beach et al. (2020) have outlined, moving to a more publicly managed, planned, intentional model of child care development is an important piece of building an effective child care system. They observed that without moving responsibility for developing child care services from the current private responsibility to a public responsibility, the insufficient, uneven supply of early learning and child care services will remain a barrier to meeting families' need for child care equitably, fairly and effectively. They itemize several "public management tools" used in Canada and elsewhere to increase the supply of child care services, such as: including child care in land use planning and other public planning processes; local demand forecasting; increasing the supply of publicly delivered child care by municipalities and schools; providing substantial support to non-profit providers to develop services; using public buildings and public space for child care; and increasing the role of local municipal governments and school boards in child care development (Friendly, Beach et al, 2020).

To achieve sufficient quality services to build a universal, quality child care system, Canada will need a two-part strategy: curtailing the growth of for-profit child care and creating a supply of new public and non-profit child care.

The main high level change needed, however, is a shift in mindset–from the idea that creating child care services is a private responsibility, to treating expansion of child care services as a publicly managed function. This would encompass multi-year expansion strategies including provincial/territorial and local plans and targets, capital funding, public planning and public responsibility. The recommendation would be that undertaking developing and executing such an explicit expansion strategy become a part of each provincial/territorial action plan going forward as Canada builds a universal child care system.

Taking the two actions together – curtailing further development of for-profit child care while ensuring creation of non-profit and public child care through public processes – will be the most effective, reasonable, and evidence-based way to achieve Canada's desired child care goals. This embraces the OECD's idea of "a protective mechanism" regarding auspice identified in its 2004 review of Canadian early learning and child care, as well as the OECD's recommendation to develop a more public approach to expanding services:

> A protective mechanism used in other countries is to provide public money only to public and non-profit services, and then to ensure financial transparency in these services through forming strong parent management boards. At the same time, the provision of services across a city or territory – not least in terms of mapping where services should be placed – should be overseen by a public agency. Valuable initiatives, both at provincial and community board levels, already exist in Canada in this matter, but in many instances, public responsibility for planning and supporting ECEC services needs to be developed (OECD, 2004: 173).

Whether child care is for-profit or non-profit is a main issue that determines whether children and families benefit from responsive, high quality early learning and child care services in an accessible, equitable manner. Auspice is a fundamental element of policy, and a choice that will influence how well other key structural policy elements can function to create accessible, quality early learning and child care — public financing; a planned, not market, approach; well paid, early childhood-educated staff recognized and treated as professionals; a sound pedagogical approach; and ongoing quality assurance. Ultimately, the issue of auspice will play a key part in determining whether Canada "gets the architecture right" to build the universal, quality child care system that families and children deserve to have, which will serve Canadian society into the future.