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Risky business:

Child care ownership in Canada past, present and future

Martha Friendly

Rachel Vickerson

Sophia S. Mohamed

Laurel Rothman

Ngoc Tho Nguyen

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Childcare Resource and Research Unit
225 Brunswick Avenue
Toronto ON M5S 2M6, Canada
TEL 416–926–9264
EMAIL contactus@childcarecanada.org
WEBSITE childcarecanada.org

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Table of contents

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List of tables and figures

Terminology used in this paper

Various terms are commonly used in Canada to describe the care and education of young children. These include child care, early childhood education and care (ECEC), early learning and child care (ELCC). More specifically, people refer to child care centres, part-day pre-schools or nursery schools, family child care, and school-age or out-of-school care. These are all used somewhat interchangeably in this paper. Early learning and child care (ELCC) and child care are both used to refer to care regulated or licensed by provinces/territories. In Canada, ELCC and child care are the current usual terms, while internationally, ECEC or child care are more common.

In this paper, the following terms, based primarily on legal definitions, are used:

Ownership/auspice The proprietorship and operating model of child care services. Child care auspice, or ownership types in Canada include for-profit, non-profit and public child care service provision, each of which has a number of sub-groups.

Public child care Publicly delivered child care services are owned and operated by a public (or "state") government body such as a municipality, school board or Indigenous governance organization rather than by a private non-profit or private for-profit entity.

Private child care Private child care provision includes all non-profit and for-profit child care services which operate as private entities (in comparison to public child care, or publicly owned and delivered services). In private child care, a private group of individuals (a co-operative or non-profit board) or an individual owner, partnership or corporation make decisions and undertake legal and financial responsibility for the child care service.

Non-profit child care Delivered by three kinds of non-profit organizations – non-profit, co-operative and charitable operations or organizations – which are legal entities. Non-profit child care operations may have only one child care program, or many locations.

Non-profit Established to provide services organized and operated for a purpose other than profit such as education or benefitting the community. Non-profit child care services are led by a volunteer board of directors who are legally responsible to its members (which may or may not include parents), to funders, to regulators and, in some cases, to other community organizations. Legally, any surplus or excess funds that exceed the cost of operation must be used to further the organization's stated purposes. When a non-profit organization ceases operations, assets such as property or equipment must be disposed of in approved not-for-profit ways, that is, donated or passed on for non-profit use, not used for private gain.

Co-operative A non-profit child care program can be a cooperative or "co-op" which has the stated purpose of meeting the collective needs of its members. Co-ops can be non-profit or for-profit but co-op child care programs are ordinarily non-profit.

Charitable Some non-profit child care organizations are registered as charities. To do this, the organization must apply to the Canada Revenue Agency and demonstrate that its purpose(s) meets specified criteria such as the advancement of education and poverty relief. Among differences from other non-profit (non charitable) organizations are that charitable organizations may issue tax receipts, receive donations from other charities and donors and be exempt from charging HST for many services.

In some provinces, the terms of non-profit incorporation allow child care services to be privately owned and controlled but be legally incorporated as non-profits. These have been termed "masquerades" (Harvey & Krashinsky, 1984) or "fake" non-profits.

For-profit child care A legal entity, a for-profit child care operation is owned by an individual, a registered partnership or a corporation. Any surplus funds that exceed the cost of operation are considered profits and may be distributed to the owner(s) or shareholders. For-profit child care operations include single owner-operator sites, small and large chains. They are also known as commercial child care.

Corporate child care Child care owned by a large corporate-type entity incorporated as a privately held company or publicly traded on a stock exchange, with shareholders. Sometimes colloquially called "big-box" child care, corporate child care operates multiple locations, sometimes across large geographic areas or multiple countries. Corporate child care is increasingly financed by private investment, property or equity firms.

Child care market model Child care provision characterized by low levels of public funding, heavy reliance on parent fees, demand-side public funding (vouchers/cheques/tax measures/individual parent fee subsidies), and limited public management and planning. In a market model, child care is treated as a commodity, not a right or entitlement, is not systematically planned and not treated as a public good or part of the social infrastructure.

Family child care Family child care in the private home of the provider may be regulated in all provinces/territories, or may legally operate without approval or a license up to a maximum number of children. Regulated family child care, also called home child care or day homes, operates in Canada under two models: individual provincially/territorially licensed homes or under an agency model. In an agency model, individual providers in their homes are under the supervision of a provincially/territorially licensed or approved agency, depending on the jurisdiction. Agencies may be operated as public entities (in Ontario) or as incorporated non-profit or for-profit entities. In this paper, individual family child care providers are not considered to be for-profit entities whether they are individually licensed or working with an agency.

Foreword

I was rapporteur for the Canada Country Note that was part of the Organisation for Economic Co-operation and Development (OECD) review of early childhood education and care published in 2004. Amongst our recommendations for Canada were "*to strengthen the federal/provincial /territorial agreements*" and to "*substantially increase public funding of services for young children, ensuring the creation of a transparent and accountable funding system*".

Since the 2004 Canada report, there have been many changes in the nature of early childhood provision. Prompted by research into child development, there has been widespread acceptance by all major international bodies with a remit for children – the OECD, UNICEF, WHO, World Bank and UNESCO – that early years provision is an essential foundation for later education, and that governments have an obligation to fund it. But simultaneously, there has been a growth of non-state provision. Although governments may be responsible for funding, regulating and monitoring early years provision – and education more generally – as part of a necessary complement of public services, they do not necessarily directly provide early childhood services directly. Service provision can be, and is, contracted out to a variety of organizations, profit and non-profit, providing they meet regulatory obligations.

However, the funding and regulatory regimes are often inadequate to meet the mushrooming non-state sector. My own country, the U.K., presents particular problems in this respect. For the last 15 years the for-profit sector has been encouraged to expand to meet the need for early childhood services. This has had two main effects. Firstly, the market has consolidated. That is, many small for-profit providers have gradually been taken over by larger providers, until the point has been reached where the majority of child care and early education places— more than 53%—are being delivered by large child care companies. Secondly, the evidence demonstrates that corporate provision, (at least 13% of which is international or provided by global companies) is both inequitable and unaccountable. Low income families have been squeezed out in the interests of profit, and companies are not obliged to explain or account for their policies on staffing, admissions, catchment, curriculum or any other matter, other than the minimal baseline set by the regulations. The regulations do not have proper monitoring provisions, and there is widespread acknowledgement, even by the regulatory body itself, Ofsted, that the situation is unsatisfactory.[1]

As Canada is on the cusp of becoming an important global leader in the way it handles early childhood education and care in a complex federal system, this report recalls the recommendations put forward in the OECD review. It evaluates the progress that has been made in promoting and elaborating ideas about what is necessary for quality early childhood services, and how they might be delivered. It summarizes the current situation in Canada. It highlights the difficulties of supporting for-profit organizations, and suggests ways forward for Canada to avoid the pitfalls that non-state provision has presented in countries like the U.K., Netherlands and Australia. This report is an important field guide.

Helen Penn
Honorary Professor, Institute of Education,
University College London
Professor Emeritus

1 Simon, A., Penn, H, et al (2021) *Acquisitions, mergers and debt: The new language of childcare*. London. Nuffield Foundation. Forthcoming.

Executive Summary

The issue of ownership, or auspice, of child care centres has long been one of the most hotly debated child care policy issues in Canada, shaping provincial and national debates about child care since the 1970s. Since that time, many OECD countries moved towards more public ownership, more public management and more public funding of early childhood education and care. As a result, their child care provision evolved to become more systemically funded, more reliable and organized, and became more (if not perfectly) equitable. At the same time, however, international trends towards privatization and financialization of care have become an increasing part of the child care landscape in many or most countries, becoming dominant in some. This trend has been part of a pushback against public services, public management and public accountability, all of which mitigate against gaining profits.

In the 2020 Throne Speech, the Government of Canada pledged "to build a high-quality, affordable and accessible early learning and childcare system across Canada" (Government of Canada, 2020). The 2021 federal budget then committed the Government of Canada to substantial, long-term financing and to working with "provincial, territorial, and Indigenous partners to build a Canada-wide, community-based system of quality child care…in a transformative project on a scale with the work of previous generations of Canadians, who built a public school system and public health care" (Department of Finance, 2021). As Canada contemplates investing significant sums of money to transform early learning and child care in an ambitious undertaking embraced by many as "historic", the question "how will this happen?" has been posed. As part of this, "who will provide child care?" is one of the considerations that will ultimately determine whether Canada "gets the architecture right" and is able to achieve the government's goals.

This paper aims to stimulate the policy debate by providing insights about what is known about this important policy issue. It argues that valuable lessons can be learned from the Canadian and international research, analysis and experience on the issues associated with child care ownership or auspice. As an aspirational, more publicly funded, more publicly managed Canada-wide child care system is envisioned, substantial expansion of the supply of services will be needed to make child care more accessible. Thus, to make the best policy decisions, it is crucial to examine the evidence about the challenges, impacts and risks of relying on market-driven, for-profit child care for achieving accessible, affordable, quality, inclusive, flexible and equitable provision of child care.

The paper concludes that – based on all we know about building the foundations for a publicly funded, quality, universal child care system in Canada – advancing for-profit child care is a risk, not an asset.

This paper first examines the idea of a child care market model, and the role for-profit child care plays in a child care market. It sets out a framework for considering the effects of operating child care on a for-profit basis on quality and equity, on the efficiency of spending public funds on it, and on the problem of the ethics of gaining profits from caring for vulnerable people such as young children. It then discusses the financialization of child care, as international private equity corporations, firms specializing in profitable acquisitions and real estate interests have come to play enhanced roles in the child care equation. A brief history of for-profit child care in Canada and Quebec is included. A review of the research evidence base discusses selected literature including research and analysis from Canada and international literature. It then compares the issue of profit-making in long-term care to child care, noting similarities and differences. An appendix including a profile of each province/territory focusing on child care ownership is provided, which allows examination of the effects public policy has played in how child care ownership has developed across Canada.

The paper concludes that – based on all we know about building the foundations for a publicly funded, quality, universal child care system in Canada – advancing for-profit child care is a risk, not an asset. It argues that the most useful solution going forward would be to adopt a three-part plan. This would entail, first, maintaining and funding the existing supply of licensed child care, public, non-profit and for-profit; second, ensuring more vigorous, publicly managed regulation including establishing affordable provincial/territorial parent fees and wage scales to ensure decent compensation for staff, as some provinces already use for all services; and third, limiting future expansion of the supply of child care services to public and non-profit providers while simultaneously pursuing new, proactive, planned public strategies for developing early learning and child care services when, where and for whom they are needed.

Whether child care is for-profit or non-profit is not the only policy issue that determines whether children and families benefit from responsive, high quality early learning and child care services in an accessible, equitable manner. Yet it is a fundamental policy choice that influences how well other key structural policy elements function to create the accessible, quality, equitable early learning and child care needed to serve Canada society into the future.

1 Introduction

Ownership is a fundamental issue for child care policy

The issue of ownership, or auspice, of child care centres has long been one of the most hotly debated child care policy issues in Canada. It has shaped provincial and national debates about child care since the 1970s and has re-emerged in every decade since. Over the years, many OECD countries have moved towards more public ownership, more public management and more public funding of early childhood education and care. As a result, their child care provision has become more systemically funded, more reliable and organized, and has become more (if not perfectly) equitable. At the same time, international trends towards privatization and financialization of care have become part of the child care landscape, pushing back against public services and public management, which mitigate against deriving profits, in many countries – some more than others. In some countries, privatization and financialization dominate child care provision.

In the 2020 Speech from the Throne, the Government of Canada pledged "to build a high-quality, affordable and accessible early learning and child care system across Canada" (Government of Canada, 2020). A federal budget, which followed in April 2021, committed the Government of Canada to substantial, long-term financing and to working with "provincial, territorial, and Indigenous partners to build a Canada-wide, community-based system of quality child care. This will be a transformative project on a scale with the work of previous generations of Canadians, who built a public school system and public health care" (Department of Finance, 2021).

As Canada contemplates investing historic sums of money to transform early learning and child care into a functional, equitable model, valuable lessons can be learned. A key issue that will be decisive for how child care evolves in Canada is the issue of ownership, or auspice, of services. Lessons about auspice, and policy successes and challenges can be learned from other countries—both those with well developed child care systems and those relying on child care markets. There are also special benefits in examining Canada-specific research, analysis and experience, as there is considerable variation on the issue of auspice across Canada's provinces and territories including Quebec (see Appendix 1 in this report for a profile of auspice in each province and territory).

The paid and unpaid care economy – the social infrastructure underpinning physical, social, psychological, and economic health – is pivotal to how Canada's economy and society are able to function. A definition of the care economy refers to "the sector of economic activities, both paid and unpaid, related to the provision of social and material care", including care for children, the elderly and the disabled (Peng, 2018). Important lessons for early learning and child care can be learned about ownership issues by examining the care economy more broadly, considering similarities and differences between child care and other sectors such as long-term care, especially as its functionality has been challenged during the COVID-19 pandemic.

Insight into Canada's child care situation has been significantly informed by the COVID-19 pandemic, which brought two realities front and centre for families and political leaders. First, it highlighted how essential child care is for children and families, and for recovering a strong economy post-pandemic and maintaining 30 years of progress on women's equality. Second, the pandemic underscored how much Canada's approach to child care provision has failed. The child care crises Canadian families and service providers have experienced have been in large part because Canada has not yet brought early learning and child care policy and provision into the twenty-first century. As the variety and number of Canadians of all political orientations calling for accessible, affordable, quality and inclusive early learning and child care for all has ballooned, and federal, provincial/territorial governments have indicated their interest in making significant changes to early learning and child care, the question “how will this happen?” has become key. As part of this, the questions: “who will provide child care?” and, more specifically, “how will child care be delivered, publicly or privately, and what types of private organizations are best placed to be entrusted with this responsibility?” will inevitably be part of the considerations.

Today a wealth of evidence, analysis and experience from within Canada and internationally sheds light on the effects, issues and risks associated with operating child care on a for-profit basis. As Canada develops a more ambitious, much more publicly funded cross-Canada child care system, it will need to substantially expand the supply of services to make participation more accessible and equitable. Thus, it will be important to carefully consider the available evidence and experience in order to make the best policy decisions.

What this paper will cover

This paper is intended to inform public and policy debate about how to move early learning and child care policy and provision forward across Canada. It discusses ownership or auspice of child care as a legal, philosophical and pragmatic concept. It recognizes that “auspice” in early learning and child care includes a number of legal ownership types and sub-types. Public child care is defined in this paper as owned and operated by a government entity such as a municipality, school board or Indigenous governance organization.

Kindergarten too, in most of Canada[2], is publicly delivered but as the first level in the public school system, it is not as a licensed separate entity, as municipal child care is in Ontario. Both non-profit and for-profit licensed child care programs are "private", i.e., not public. For-profit entities may be small, owner-operated licensed centres or large corporate chains, or in between. In this paper, it is assumed that legally, they are incorporated as provincial or federal corporations with profit-making capabilities. Non-profits also may be one centre or large multi-site operations but as incorporated not-for-profits, must follow requirements about accumulation and disposal of profits and assets and about boards of directors.

This paper makes no assumptions about any particular or individual child care operation unless specifically citing evidence. It recognizes that some for-profit child care programs may emphasize quality, choose to support their workers at the expense of higher profits or have a commitment to serving families and the community as a matter of their individual choice. Nevertheless, the ownership or auspice of child care services, as an important broad public policy issue affecting cross-Canada child care policy going forward, is addressed as such in this paper. It should also be noted that from the perspective of this paper ownership, or auspice, is being discussed as ownership of the child care operation, not the facilities per se, as this is a separate, though sometimes related, matter. Finally, this paper includes only limited discussion of regulated family child care, which plays a role in child care provision in every province and territory.

With a commitment to informing evidence-based policy making, we first examine the idea of a child care market model, and the role for-profit child care plays in a child care market. The paper sets out a three-part framework for considering for-profit child care, then discusses the concept of *financialization* of child care. This is followed by a brief history of for-profit child care in Canada, followed

2 Kindergarten in Alberta is part of Early Childhood Services and may be delivered by a school board or a private non-profit or for-profit entity.

by a section reviewing the research evidence base, covering key selected relevant literature. This includes research from Canada and selected international literature, particularly from the last decade. For comparison, a chapter then examines profit-making entities in caring for the elderly in long-term care, examining similarities and differences to child care. The paper concludes with conclusions and solutions to consider as part of the policy process aimed at transforming Canadian child care. Profiles of the child care auspice landscape in each of Canada's 13 provinces/territories are included in Appendix 1, followed by Appendix 2, which identifies the early learning and child care literature examined for this paper.

This paper follows the practice of acknowledging and respecting the distinct perspectives, needs and rights of First Nations, Inuit, Métis Nation children, families, and communities, as well as acknowledging and respecting the perspectives, needs and rights in early learning and child care services and programming of all Indigenous people wherever they live but does not comment specifically on the issue of child care auspice in Indigenous contexts.

2 The policy context

Canada follows a child care market model

Peter Moss, one of the most influential thinkers in the global movement for early childhood education and care, has written about the "story of markets" in child care, which he describes as "about commodification, competition and (individual) choice" (2014: 5). A child care market model is characterized by low levels of public funding with heavy reliance on parent fees, demand-side public funding (vouchers/cheques/tax measures/individual parent fee subsidies), and limited public management and planning. In a market model, child care is treated as a commodity, not a right or entitlement, is not systematically planned and is not treated as a public good or part of the social infrastructure.

Gallagher, examining the growth of child care markets, described the neoliberal view of such markets:

> The particular neoliberal imaginary of the childcare market has …influenced debates over the last decade. This …is a significant departure from the notion of childcare as a public good… The market is purported to be the most 'efficient' means of meeting the changing needs of parents in dynamic working environments. In this form of the market, the private sector takes on a more prominent role. Increasing its involvement allows for new investment, particularly with regard to the cost of infrastructure, and is anticipated to offset reliance on a financially lean state. Under this arrangement parents are 'empowered' to exercise their consumer choice in seeking out the service that best fits their

> needs. Moreover, strengthening the ability for parents to choose and move between services is thought to generate competitive pressures amongst providers, which will increase quality and reduce costs (Gallagher, 2018: 707).

Child care researchers, and many others, have made the argument that "the market does not work" for child care, depending, of course, on how "what works" is defined, as this paper will discuss[3]. Economists Warner & Gradus (2011) have described child care as being a public, as well as a private, good. They examined voucher experiments that have led to growth and dominance of for-profit services in several countries, noting the complexity of "public goods" like child care. They conclude: "Parental choice in a market is not sufficient to ensure an adequate supply response in less profitable markets, or to ensure quality…The invisible hand of the disaggregated market does not coordinate effectively to deliver public goods such as access or quality" (Warner & Gradus, 2011: 572).

Child care ownership influences how well other key structural policy elements — universal, equitable provision, public financing, well paid early childhood-educated staff and democratic participation — function to ensure high quality and equitable access, as well as meeting key social and economic goals.

Today the market shapes just about every aspect of Canadian child care. Government's role to date has been relatively narrow – primarily limited to setting and monitoring regulations establishing legal, facility, programmatic and health and safety requirements and to providing some funding for some families or services. For-profit child care is only one component of a child care market (Friendly, 2019), and whether child care is for-profit,

3 See, for example, Cleveland & Krashinsky, 2004; Mitchell, 2019; White & Friendly, 2012; Yerkes & Javornik, 2018; and the collection of international papers in Lloyd & Penn (2012), especially the paper by Fairholm & Davis, who wrote about how child care staff labour shortages in Canada are generated by market failure.

non-profit or public is not the only policy variable that determines whether children and families have equitable access to high quality early childhood services. But child care ownership is a fundamental element that influences how well other key structural policy elements—universal, equitable provision, public financing, a planned approach, well paid early childhood-educated staff treated as professionals, a sound pedagogical approach, democratic participation, and ongoing quality assurance—function to ensure high quality and equitable access for families and children, as well as meeting key social and economic goals.

Practically, relying on a market model for child care in Canada means:

- Most of the cost of paying for most child care is carried by parents, not publicly funded;
- Much of the public funding that is available is delivered to, or paid on behalf of, individual parent-consumers in the form of payments to (or for) individuals such as parent fee subsidies and tax breaks. These include the federal Child Care Expense Deduction, Ontario's and Quebec's tax credits reimbursing family's child care fees, and the individual fee subsidies paid to services on behalf of parent fees in almost all provinces/territories;
- Only some child care is required to be regulated, as a number of kinds of child care arrangements and programs are excluded;
- Regulation follows a privatized "license to operate" model;
- Where, when, and for whom, child care services start-up or close-down are mostly private decisions, as there is little medium or long term planning based on need or demand (see Friendly, Beach, et al., 2020);

- Managing and sustaining child care services is a private responsibility, with volunteer boards of directors or entrepreneurs carrying the responsibility for financing and decision making;
- Many families rely on ultra-privatized unregulated child care arrangements such as unlicensed or approved family child care or nanny care, in which there is a limited public role, with public intervention or oversight occurring only upon complaint or a crisis situation;
- Twenty-eight percent of regulated child care centre spaces were operated by for-profit entities in 2019, with much bigger for-profit sectors in some provinces/territories. The for-profit child care sector grew from 20% in 2004 to 28% in 2019, with more and bigger chains expanding to make up the for-profit and non-profit sectors (Childcare Resource and Research Unit, 2020; Flanagan et al., 2013).

Three categories of concern about for-profit child care

As this discussion of child care markets points out, both non-profit and for-profit child care are private entities. However, within private child care delivery, it has been identified that private for-profit delivery brings significant risks and concerns — when compared both to public and non-profit programs. Prentice (1997) originally identified three main categories of concern characteristic of a profit-making approach to child care. The first concern is about erosion of quality by the drive to make profits. Second is the concern that diversion of public funds to private profits rather than using them for affordable, equitable, high quality child care is an inefficient way to use public funds. The third concern is that gaining profits from care services that are considered by many to be human rights is not ethical. Of final relevance is a linked issue of concern that has become relevant to child care – the rise of the financialization of child care. Concern about financialization also arises in other human and care services — health care, education, disability services, prisons and – most recently in Canada – long-term care. This set of concerns are discussed in more detail in the next sections.

Is for-profit operation associated with poorer child care quality?

Research and analysis in Canada and elsewhere consistently show that no matter how quality is assessed, quality differences between for-profit and non-profit child care emerge again and again. Research shows differences in structural characteristics and process quality (see the section reviewing this literature in this paper). This statement is not intended to suggest either that all public or non-profit child care is high quality or that all for-profit services are low quality. Rather, it observes that research and analysis consistently reveal a strong relationship between quality and ownership type.

As the literature review discusses in more detail later on in this paper, research shows that ownership type is a factor — often a significant factor — associated directly and indirectly with multiple factors linked to program quality including wages, working conditions, ECE training, staff turnover and morale, compliance with regulations, staff harshness/sensitivity, staff/child ratios and group size, as well as with parent fees. Staffing elements of child care programs – wages and benefits, working conditions, ratios, staff who are educated for the job — make up most of the expense in centre budgets, so deriving even a modest profit from child care tends to mean cutting back on these "expensive" program features. Thus, Canadian research shows for-profit centres are more likely to pay poorer wages and have fewer ECE trained staff, more non-compliance with legislated staff/child ratios and poorer process quality scores. Canadian research also shows that they are more likely to close down and to charge higher fees than non-profit programs. (See Cleveland & Krashinsky, 2004; Cleveland et al., 2007; Cleveland, 2008; Doherty et al., 2002; Drouin et al., 2004; Forer, 2018; Friesen, 1992; Japel et al., 2004, 2005; Kershaw et al., 2004; Macdonald & Friendly, 2021; Richardson, 2017). International research shows similar results in other countries as well (Mitchell, 2019; Soskinsky et al., 2007, 2012).

Economists Cleveland & Krashinsky have concluded:

> the overall conclusions…are that non-profit status makes an important independent contribution to quality in child care centres. In fact, non-profits differ from commercial centres in a number of important respects, including the ability to attract financial resources, the characteristics of children served and the inputs chosen by the centre to influence the quality of care provided. Each of these sets of factors does, in fact, affect the quality of care provided, classroom by classroom. However, non-profit status continues to have an independent effect as well. The difference between commercial and non-profit centres is the sum of all these effects (2004: 20).

Is funding for-profit child care an efficient and effective use of public funds?

The issue of "efficiency" is used here to refer to diversion of public child care funds as shareholders or owners take out portions of public funds for private use rather than ensuring that all funds are used for high quality, accessible, affordable child care.

Gallagher has described how government child care funds are used to fund private real estate acquisition in New Zealand, Australia and the U.K. as these countries saw the development of a "government-funded childcare market over the last twenty years, which has led to a boom in parental demand for childcare services and an exponential growth in private for-profit providers during this time" (2020: 2). Thus, an important efficiency question is: Is public spending on for-profit child care a good use of public funds? A second, related question is: Is it an effective way of delivering on societal goals?

Political scientist Deborah Brennan (2008a) has cited governments' expectations that encouraging for-profit child care would lead to reduced parent fees, increased diversity of provision, increased quality, and reduced government expenditures (that is, more "efficiency"). However, the opposite has been shown to be the case when for-profit child care dominates, as Brennan (2008b) and others have documented. When changes in child care funding in Australia facilitated ABC Learning Center's exponential growth from one centre to a global giant, diversity of provision decreased, parent fees skyrocketed, the workforce was exploited, quality was weak and the corporation lobbied government to keep standards low. Notably, a "significant proportion of ABC revenue came from taxpayer-funds" (OECD, 2006: 120). Lambert wrote in Forbes Magazine that public dollars funded 25% of corporate profits, noting "the honey pot is a growing stream of government money" (Lambert, 2007). Finally, when the child care conglomerate collapsed and was taken into receivership, the Australian federal government was forced to spend $22 million to keep needed centres functioning so parents could go to work. This case illustrating the inefficiency of publicly funding for-profit child care is especially well-documented but it is far from the only instance.

For-profit centres have also been shown to deliver "less bang for the buck" by being less likely to meet government's stated goals. This has been documented in the Netherlands, where substantial growth in for-profit centres crowded out public and non-profit provision following a shift to less regulation and demand-side funding. Noailly et al. (2007) linked the reforms—intended to stimulate market forces to provide more "parental choice"— to more unequal provision. Noailly et al's research showed how the expanded Dutch for-profit child care sector came to offer less, rather than more, choice for disadvantaged families (2007).

Yerkes & Javornik (2019) compared the effects of public child care spending in three "market" countries (Australia, the Netherlands and the UK) and three "public" countries (Sweden, Iceland and Slovenia). They examined dimensions of child care including accessibility, affordability, quality and flexibility, concluding "direct public service provision offers parents across socio-economic groups the best opportunities to arrange for child care in ways they have reason to value because it provides real choices" (Yerkes & Javornik, 2019: 533).

White & Friendly (2012) considered whether reliance on for-profit services is effective for meeting stated early childhood goals. They noted the disjuncture between stated goals and actual outcomes in early learning and child care in liberal-democratic countries (the U.S., the U.K. and Australia) using highly marketized approaches dominated by for-profit child care services. Using country case studies, they concluded that "governments may commit considerable public dollars to ECEC but will likely fail to achieve the high quality programs needed to deliver results" (White & Friendly, 2012: 306). Looking specifically at whether public spending is linked to affordability, a Canada-wide survey of parent fees found that – while non-profit and for-profit centres are funded equivalently in almost all provinces – parent fees were higher (sometimes considerably higher) in for-profit centres in almost every one of the 37 cities included (Macdonald & Friendly, 2021).

A specific efficiency concern about for-profit operations small and large is about acquisition of real estate, whereby public dollars are used to purchase private property instead of supporting services. Small-scale private acquisition of child care facilities with public funds is certainly inefficient as a public child care expenditure but there are larger, more systemic concerns when it comes to corporate and chain child care real estate acquisition. As Hall &

Stephens (2010) have described, funds from child care facility leasing and sales have fueled acquisition of more centres, with chains growing exponentially in the U.K. The lucrative real estate aspect of child care markets has been documented in Australia by Brennan (2007) and Gallagher has described how "an emergent property investment and sales market was identified as a significant factor shaping the changing frontier of childcare delivery" in New Zealand (2020: 5).

A final, related "efficiency" consideration is associated with the difference between disposition of the assets bought with public funds (grants or portions of operating funds) which could include real estate, buildings or equipment when for-profit and not-for-profit child care entities cease operation. In that instance, organizations incorporated as for-profits are not legally required, as non-profits are, to dispose of their assets according to rules for non-profits, for example, by donating them to another non-profit. Instead, owners may retain them or they may be distributed to share holders. Thus, disposal of assets is a private decision, as there are no rules about the disposal of assets bought with public funds that pertain to for-profit child care.

Is it ethical to treat child care as an opportunity for profit-making?

Health care, disability services, child welfare, in-home support services and long-term care– like early learning and child care – have long seen debates about whether profit-making in care sectors is ethical. These values-based debates include ideas about individual "choice" discourses, on the one hand, and conceptions about the "public good", human rights and democratic participation on the other. British early childhood education and care expert Helen Penn, contrasting a neoliberal, market view of child care with a more robust state role, has observed: "Prioritizing profit over the needs of vulnerable individuals such as young children or old and frail people, is viewed as morally repugnant and undermining of basic communal solidarity, citizenship and caring" (Penn, 2012: 19). Linda Mitchell has argued that decisions affecting early childhood education should be made through processes of democratic participation: "When the direction of the centre is determined by owners, and making a profit becomes a dominant purpose, the need for financial returns for business owners and shareholders minimises or overrides educational purposes that are centrally important" (2019: 82).

Sumsion, writing about the Australian experience with ABC Learning, used Ball & Vincent's "ethical audit" to assess and discuss it:

> Central to the notion of an ethical audit is the premise that considerations of the public interest should be viewed through an ethical lens that tries to find a way of balancing often competing interests, perspectives and goals, rather than simply focusing on primarily economic considerations (Sumsion, 2012: 213).

Ethical considerations are related to the idea that early learning and child care is a human right for children (Coalition on the Rights of the Child, 2018); the United Nations Convention on the Rights of the Child (CRC) is a main vehicle for considering child care as a child rights issue. The CRC's Article 18, which establishes an obligation for countries to take all appropriate measures to ensure that children of working parents have the right to benefit from child care is the most specific of a number of articles of the CRC pertinent to early learning and child care (Friendly, 2006); General Article 7, which addresses young children as rights bearers, is also important. Canada has typically addressed, and been reprimanded for, its child care provision as part of its regular reviews before the United Nations on this Convention. Early childhood education and care also figures in other important United Nations conventions and agreements particularly the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), as well as the Convention on Economic, Social and Cultural Rights, Education for All (EFA) and the Convention on the Rights of Persons with Disabilities.

Moss & Roberts-Holmes (2021), writing about how neoliberalism has profoundly permeated ideas about early childhood education and care over the past thirty years have appealed to values-based, ethical considerations in challenging the neoliberal paradigm:

> We need to reimagine early childhood education and care as a public good, a collective endeavour and a right of citizenship. We need to declare new images and new forms of governance that embody values of cooperation, solidarity, trust and democracy (2021: 1).

The financialization of child care

The idea of the financialization of child care is related to issues associated with child care market models and child care ownership by large corporations, going beyond these to the effects of particular financial practices. Financialization is generally used to mean that financial institutions have increased in size and influence relative to the overall economy, gaining strength as industrial capitalism has declined in relative importance in many countries. Krippner has used the term financialization to describe "patterns of accumulation in which profit accrues primarily through financial channels rather than through trade and commodity production" (2005: 174). Financialization is an augmentation of marketization as we have written about it in this paper and is related to the idea of the "commodification of everything" with regard to education, the environment, media, and culture in a 40-year era of neoliberalism that many commentators have challenged (see, for example, Sandel, 2012).

The term has been used to describe developments in a wide range of social and public policy areas including urban space, housing, food security, health care, long-term care and others but less so with regard to child care, although a number of studies and reports have documented the antecedents of the financialization of child care. For example, Farris & Marchetti (2017) have written about relatively recent developments in Europe showing that for-profit firms of different sizes, including large global companies, are increasingly seeking investments in care services including child care. They argue that this recent trend is linked not only to marketization but to more complex "corporatization". Specifically regarding child care, there has been relatively little comment on it to date. For example, in a comparative study of child care in market and non-market child care countries, Brennan et al. (2012) discussed how the diversion of revenue from child care purposes through financial manipulation by large financialized companies has led to poorer access for vulnerable families and poor wages and working conditions for staff (Brennan et al., 2012).

In financialization, an asset is anything that makes a profit, be it shoes, artworks, tourism, pesticides, or child care, rather than something that has intrinsic value for its own worth.

Financialization of child care is linked to what has typically been referred to as corporate, or "big box" child care. Corporate child care, as Penn and Mezzadri describe (2021), has been evolving from child care owned by large chains or firms that specialize in operating child care, to ownership of child care by large, often multinational companies that acquire, or bankroll, "assets" defined by their profitability, not their type. Thus, private equity and venture capital firms are involved, as well as firms specializing in profitable acquisition of "assets." In this model, an asset is anything that makes a profit, be it shoes, artworks, tourism, pesticides, or child care, rather than something that has intrinsic value or interest for its own worth (Penn and Mezzadri, 2021).

Interestingly, the pandemic, which exposed the sustainability crisis for child care centres in Canada and other marketized child care countries such as the U.K., the U.S. and Australia, also provided particularly good opportunities for acquisition of child care "assets", as non-profits and smaller for-profits alike were forced out of the market in some countries. *Nursery World*, a British child care sector periodical — reporting on the child care market during the pandemic's third wave — quoted one investor from a firm specializing in acquisitions:

> The childcare market remains robust, says the sales and marketing director at Redwoods Dowling Kerr (RDK[4]), especially when compared with other sectors. He noted "Private-equity firms who might be exiting hospitality are looking at child care saying 'this is a pretty Covid-resistant area' " (Goddard, 2021).

The financialization of child care has been examined in depth by a recent mixed-method research project at University College London's Social Research Institute. The project has been conducting one of the few in-depth analyses of child care financialization by the large corporate firms that now dominate British child care provision. The project researchers are examining "private sector childcare in England, investigating the fiscal, planning and other regulatory frameworks that govern the market, and exploring the nature and type of information, including fiscal information which is open to public scrutiny" (Project website: 2021).

This large research analysis had four workstreams:

Workstream 1 - Market reach, social impact and accountability
Workstream 2 - Financial analysis
Workstream 3 - Location and deprivation
Workstream 4 - Accounts of frontline managers

4 RDK is called the UK's "Leading healthcare and child care broker".

Using case study analysis, the project examined how medium to large for-profit child care companies operate compared to not-for-profit organizations with regard to how they gain and use their income (both public funding and parent fee income) and how accountable and transparent they are for these income sources. Forensic financial analysis of major nursery chains and their subsidiaries was used to examine specific financial questions, for example, how much is spent on staffing compared to forms of not-for-profit provision. The research also examined questions such as "Is there a fair and even distribution of private-for-profit provision?" "To what extent do these centres promote the participation of staff and parents/staff in nursery policy making?" "To what extent is access for vulnerable families facilitated?" and "What are the aims of the private sector and to what extent does the sector recognise questions of social impact and accountability?"(Simon et al, 2021, forthcoming).

The research report details how mechanisms such as acquisitions, mergers, borrowing and indebtedness used by the private sector owners of child care companies included in the study obscured detailed financial analysis. This, together with the absence of adequate data through sources such as Ofsted, the official agency that rates quality in educational settings across the U.K., ensures the prevailing lack of transparency. The research report also describes the content analysis carried out to examine the aims of the for-profit firms: It "looked for items on social impact; access for vulnerable and marginalised groups; concepts of fairness and issues of participation and accountability" but "found little evidence across the sector to indicate that these topics were of any sustained interest in the present child care market" (Simon et al, 2021, forthcoming: 34).

The report concluded that:

> ...the medium-large for-profits are expanding through acquisitions but not necessarily creating new child care places. Additionally, many are in debt and making huge

> losses. This raises important questions about how public money is used and the wider sustainability of the child care sector (Simon et al., forthcoming: 57).

Helen Penn, one of the principal researchers on this project has written about this elsewhere, with Alessandra Mezzadri:

> The thrust of nursery provision is overwhelmingly in terms of business capacity and survival, profit and loss. Nurseries measure their success above all by whether they are financially viable. At the top end of nursery provision, where large nursery chains have become profitable enterprises, the actual nature of the business is almost an irrelevance; it is its capacity to make money that is of interest, whether through direct profits, that is fees from parents, or whether through a kind of asset management, bigging up the business so that it can be sold on later at a profit. In the U.K., big nursery companies, involved in a continual acquisitions and mergers cycle, backed by private investment banks, now dominate the child care market and are responsible for more than 50% of all child care places (Penn & Mezzadri, 2021).

Penn & Mezzadri (2021) describe one child care company engaged in "acquisitions, merger and debt" and backed by "loans from a quick turnaround investment company called Triple Point", which the child care companies' press release describes as "a lender that was able to move quickly on acquisition opportunities" (Penn & Mezzadri, 2021).

Child care financialization has to date been more developed in countries other than Canada and Canadian child care has not specifically been the focus of financialization analysis. However, 123 Busy Beavers and its evolution to today's BrightPath form an instructive Canadian case. Following its establishment in 2007 in

Canada by parent company ABC Learning, 123 Busy Beavers had financial backing from Australian, US and Canadian venture capital interests, big banks and real estate firms to set it on its way to becoming a publicly traded Canadian company (Canadian Union of Public Employees, 2007). The publicly traded company, renamed Edleun, then BrightPath, was acquired by U.K. child care giant Busy Bees[5] in 2011. Busy Bees 2021 strategy includes massive new financial backing through "£585 million-equivalent loan refinancing via joint global coordinators and physical bookrunners BNP Paribas and J.P. Morgan" (Flitman & Cox, 2021). This very much fits the financialization paradigm.

Another analysis of the phenomena that are part of the rubric of financialization of care is by Gallagher (2020), who has examined the "relationship between the privatization of child care services and the growth of the child care property market" in New Zealand. The author, a human geographer, observed that New Zealand's urban child care financialization was facilitated by public policy. Her study shows how investor interest is linked to the possibility of deriving value "not from providing childcare, but from rentiership[6] of the assets of the sector" (2020: 2). Gallagher noted that the conditions for this were set within urban child care markets by a combination of market-oriented public policy, high land values and limited options for relocation, which allowed assetization to occur. Gallagher also noted that:

> The assetization of childcare property also has wider societal implications as it is a means of deriving new forms of wealth from the crisis of care more generally… The state ultimately plays a complicit role in this as it funds, but ultimately devolves responsibility and

5 Busy Bees Holdings Ltd., which was – like 123 Busy Beavers – an offshoot of ABC Learning Centres was bought by international investment firm Ontario Teachers' Pension Fund in 2008, which is still its biggest shareholder.

6 Rentiership has been defined as "the extraction of income from the ownership, possession or control of assets that are scarce or artificially made scarce".

> accountability to the burgeoning for-profit sector to operate "efficiently" in the market (2020: 14).

Economists Tse & Warner (2020) have written about the use of social impact bonds to finance child care in the United States, as social programs such as child care have lacked public financial support. They have identified the many caveats about the pitfalls of social impact bonds ("reliance on performance-based management induces gamesmanship" and "may overly skew their focus toward meeting a quantifiable result"). But they note that "the most insidious cost of SIBs is their potential to financialize social services by marketizing the 'public finance value' of their vulnerable clientele" because they must produce a return for private investors based on quantifiable "success" (2020: 861). The authors describe how considering children as "investable" and child care as an "investable" service paves the way to financialization of the sector in a neoliberal reframing of the purposes and goals of early childhood education and care (Tse & Warner, 2020).

This section has described a framework for organizing concerns issues associated with for-profit ownership of child care, then discussed financialization as an emerging fear especially relevant to future developments in Canada as governments begin to build a quality early learning and child care system.

3 A history of the issue of auspice in Canadian child care

This section traces the issue of auspice in Canadian child care from the 1960s, through the 1980s, when demand for child care grew as a majority of mothers were in the paid labour force. It then describes how federal governments failed to establish a cross-Canada policy approach to child care in the 1980s, thereby entrenching an expanding market model. It discusses the first significant entry to Canada of corporate child care from Australia in 2007 and the growth of two side-by-side models of child care in Quebec.

Canada's first public involvement in child care

Although a few charitable child care centres had been developed in Canada in the late nineteenth century, the first 20th century child care development was during World War II. The federal government offered to share costs with provinces for day nurseries caring for the children of women working in essential war industries; these were municipal or charitable. The offer was taken up by Ontario and Quebec but the federal funding was withdrawn after the end of the war. All Quebec's wartime child care centres and many of Ontario's closed. However, mothers of young children didn't all exit the paid labour force as expected. Thus, the need for child care remained but there was little public policy or funding to support it.

The next federal entry to the child care field was through the Canada Assistance Plan, which served as Canada's national welfare legislation for three decades, introduced in 1966. It allowed cost-shared federal funding to be used by provinces to fund "preventative"[7] public and non-profit social services including child care services for eligible low income families. A 1973 federal report on child care by Health and Welfare Canada stated that in 1968, 75% of day care centres had been for-profit but that by 1973, this proportion had declined to 48% (463 centres). The *Status of day care in Canada 1973* noted that "there appears to be a clear trend towards non-profit day care assuming an increasingly important role in the day care field" (Health and Welfare Canada, 1973: 6).

TABLE 1 Sponsorship of centres (1973)

Sponsorship	Centres - No.	Centres - %	Spaces - No.	Spaces - %
Public	88	9.06	3,409	12.71
Community board	377	38.83	9,606	35.82
Parent co-op	43	4.83	1,245	4.64
Commercial	463	47.68	12,552	46.82
Total	871	100.00	26,811	99.99

Source: Reproduced from The status of day care in Canada 1973.

At that time, the for-profit sector was composed of small individual centres and small chains, not corporate entities. The first documented Canadian alarm bell about for-profit child care came in the late 1960s with the acquisition of Mini-Skool, a small Canadian child care chain by Alabama-based Kindercare. Mini-Skool had opened several centres in Winnipeg but was soon bought out by the U.S. corporation already trading on the New York Stock Exchange.

By the mid 1970s, Kindercare's political lobbyists were pressing Margaret Birch, Ontario's Minister for Social Development, to reduce staff-child ratios in Ontario. A grassroots advocacy effort led by the Day Care Reform Action Alliance successfully defeated the

7 Preventative in the sense of providing a service to prevent poverty.

proposed "Birch proposals" (Mathien, 2021). This is the first documented instance in Canada – but not the last – of lobbying activities by for-profit operators aimed at reducing child care standards similar to those subsequently documented elsewhere in Canada, the United States and Australia (Klein, 1992; Brennan, 2008). It also foreshadowed the corresponding campaigns of the child care advocates who envisioned universal, publicly funded child care and representatives of what was then a budding Canadian for-profit child care industry.

Kindercare — dubbed Drive-In Day Care by *The New York Times* (Lelyveld, 1977) — intended to open 2,000 centres in the "North American market" by 1986. The Canadian media noted that "those opposed to corporate day care say it will jeopardize the quality of care and introduce unqualified staff and low education and health standards" (Windsor Star, June 8, 1982). Kindercare's Ontario Mini-Skool chain centres were unionized by the Ontario Public Service Employees Union (OPSEU) early in the 1980s and experienced a bitter five-month long strike in 1983. Following the strike, a combination of ongoing pressure by the emerging national child care advocacy movement – which made opposition to for-profit child care one of its defining issues from the beginning – the conditions of the federal Canada Assistance Plan (CAP) favouring public and non-profit child care, and subsequent Ontario provincial policy meant that neither Kindercare nor for-profit child care grew substantially in Ontario.

Canada's child care market grows

Throughout the 1980s, as the cross-Canada child care movement coalesced, the issue of for-profit child care was a divisive issue provincially and nationally as two successive federal governments—Pierre Trudeau's Liberals and Brian Mulroney's Progressive Conservatives—each studied child care and issued national reports. But the recommendations of both the Liberal Task Force on Child

Care – which proposed restricting direct operational funding to public and non-profit child care, and of the Conservative's Special Committee on Child Care, which was neutral regarding for-profit child care, died with two successive federal election calls (Cooke et al., 1986: 373; Special Committee on Child Care, 1987).

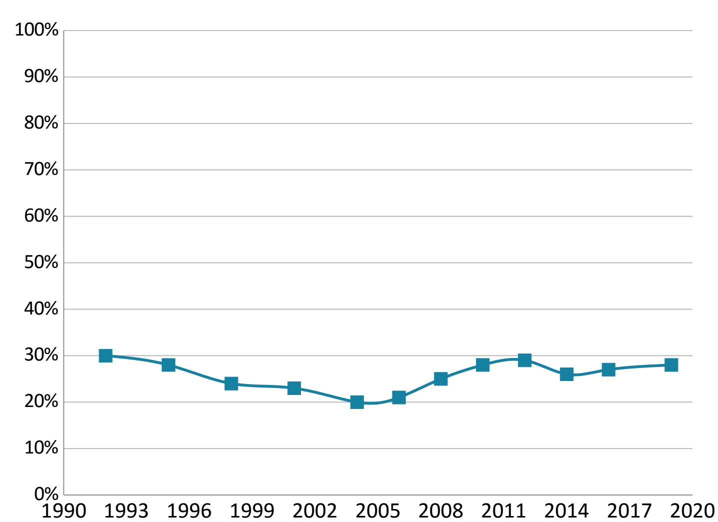
After the 1988 federal election, child care was off the national political agenda again, where it continued to languish throughout the remainder of the later 1980s and the 1990s. In the mid 2000s, when it became evident that the rapidly growing Australia-based ABC Learning Centers would enter the Canadian child care market as part of its aggressive global expansion campaign, the issue of for-profit child care was reinvigorated in Canada. The ABC case raised broad questions about child care marketization, globalization, and how child care fits into discourses about conceptions of society, private markets and the role of government – issues that remain relevant today. It also foreshadowed the issue of what was not then, but has now come to be called, financialization.

The ABC case raised broad questions about child care marketization, globalization, and how child care fits into discourses about conceptions of society, private markets and the role of government – issues that remain relevant today.

The Australian exemplar, in which publicly traded child care corporations grew, merged and re-merged to become the darlings of the Australian stock market was something new—even in comparison to the significant growth of for-profit and corporate child care in the United States in the 1970s and 1980s (Klein, 1992). As child care experts watched, much of the Australian non-profit and small business child care sector was acquired and replaced by a publicly funded, publicly traded and very profitable "big-box" child care market. This came to be led by ABC Learning Centers, which grew from one centre to a near-monopoly, ringing alarm bells about child care globalization in a new way. ABC's Canadian chain, called 123 Busy Beavers Learning Centres when it was registered in Canada in 2007 was financed by Canadian and American venture capital and real estate companies (Canadian Union of Public Employees, 2007). But soon after its entry into Canada, the Australian parent ABC Learning company, together with the firm's many linked companies, specializing in everything from real estate development, facility centre construction, leasing and maintenance, and in-house ECE training, began to disintegrate. The conglomerate's spectacular collapse included the company being taken into receivership, huge financial losses for investors and a costly bailout by Australia's national government. As an Australian daily observed, the ABC Learning case "pitted money against care" (Kirby, 2008).

In the 2000s, Canada not only saw the emergence of corporate child care but also growth of smaller and medium size chains or multi-site operations both for-profit and non-profit (Flanagan et al., 2013). Following the Harper government's 2006 cancellation of the

FIGURE 1 **Percent of regulated part and full day spaces for 0-12 year olds that were for-profit. Canada. (1992 – 2019).**

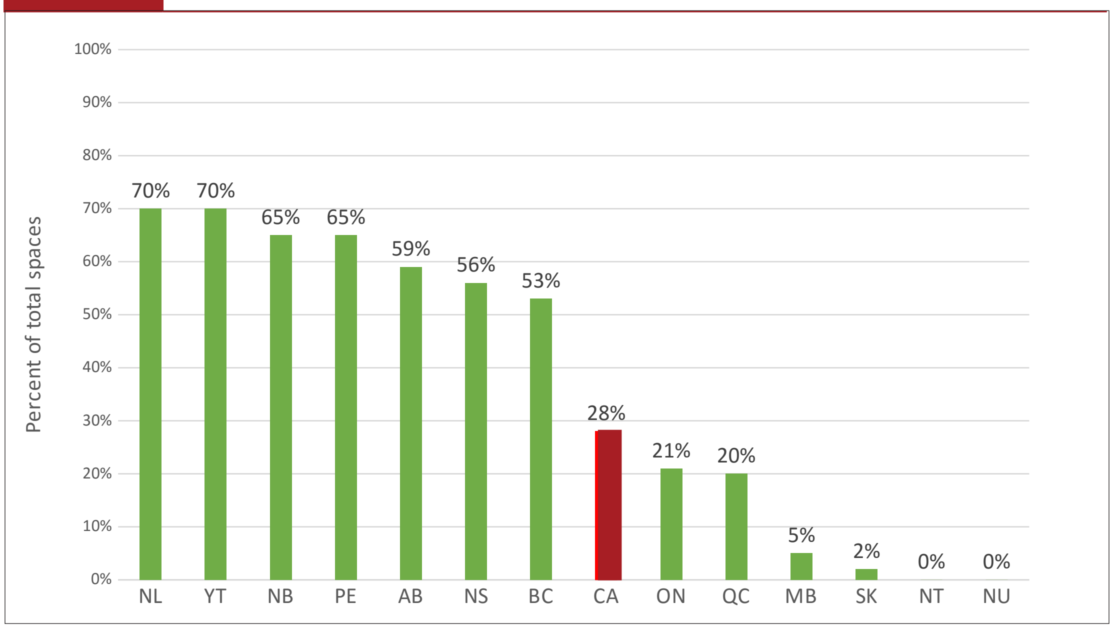


Source: Early childhood education and care in Canada 1992 - 2019.

Paul Martin Liberal's national child care program, growth in supply of spaces and public financing slowed down considerably (Friendly & Beach, 2013). Until about 2004, the proportion of spaces represented by for-profit child care had been dropping steadily, down to 20% of all centre spaces in 2004. This left room for-profit operators to fill the policy and service vacuum created by the substantial unfilled demand for child care. Expansion of the for-profit sector began to rise again beginning in 2006. Thus, while 20% of child care spaces were operated on a profit-making basis in 2004, by 2019, the for-profit sector claimed 28% of regulated spaces across Canada as a whole, as Figure 1 shows.

Figure 2 shows, however, that there are considerable provincial/territorial differences in the relative prevalence of for-profit and non-profit child care. The provincial/territorial profiles in this paper (Appendix 1) illustrate how differences in public policy have shaped this.

FIGURE 2 **Percent of full and part day centre spaces for 0-12 year olds that were for-profit. Provinces/territories/Canada. (2019).**



Source: Early childhood education and care in Canada 1992 - 2019.

The development of child care in Quebec

One of the most important, and best known, points of reference in Canadian child care has been the development of the Quebec child care system, which has now evolved to provide an in-house natural comparison between two child care auspice, funding and regulatory systems operating in the same geographical space. The first system is what is popularly known as the "Quebec model" of child care introduced in 1997 – the publicly funded, mostly non-profit system of *centres de la petit enfance* (CPEs), with low, provincially set parent fees, at $8.50 a day in 2021. The second system, intended to encourage development of a for-profit, non-operationally funded, market fee sector in which parents are reimbursed for their spending on fees through a refundable tax credit, began in 2008.

The original "Quebec model" began to fund child care operationally with $5/day parent fees for all children for whom a space was available at the end of the 1990s. Initially, the Parti Québécois government placed a moratorium on new for-profit child care licenses and announced that there would be no funding to the for-profit sector. However, although the main thrust was to develop non-profit child care:

> the government reached agreements with most of the licensed for-profit day cares in operation in June 1997 to retain their for-profit status and to sign contracts to provide reduced-fee child care spaces (Japel & Whelp, 2014: 58).

Pressure to develop additional new services grew as parents surged to enroll their children in the new $5/a day child care centres. The 2003 election of a conservative-minded Liberal government, which lifted the moratorium on new for-profit licenses, led to a flood of growth in for-profit spaces and eventually to development of the second child care tier (Beach et al., 2009; Japel & Whelp, 2014).

Development of the second tier was facilitated by an enhanced parent tax credit in 2009. Parents using these centres are reimbursed for fees paid through a refundable tax credit based on family income. The differences between the two tiers are notable, both in parent fees and in significant differences in quality (See the section on Quebec-specific research in the literature review section in this paper).

When the Government of Canada framed its 2021 commitment to develop a universal early learning and child care system with the idea of “learning from Quebec”, it focused heightened re-interest in the details about Quebec child care. In an article written in this context, Cleveland, Mathieu & Japel described the shifts in policy in Quebec:

> An existing tax credit for child care expenses was made more generous for those not using Quebec’s low-fee services. This move attracted for-profit providers who wanted to be outside of the low-fee system (which also had greater regulation of quality and monitoring of performance) (2021).

4 A review of selected literature on child care auspice in Canada and internationally

This section reviews selected research and analysis on child care and auspice. It is not exhaustive but focuses on selected key research and analysis available in peer-reviewed and significant "grey literature" published sources. There are many additional position, advocacy and policy papers, news stories, explanatory documents, further research, and other materials on this topic that are not included here. Additional literature reviewed for this paper is listed and described in Appendix 2.

This section builds on a compilation of literature published in 2011 by the Childcare Resource and Research Unit. It includes earlier research where it is appropriate and significant, especially in Canada, where recent research is limited. The material has been organized under two main headings: Canadian research[9], which is mostly related to child care quality, and international literature, much of which focuses on child care policy and structures at a systems level.

9 Recent Canadian research that includes substantial discussion of the issue of auspice but with a main focus on broader issues includes: Beach, J. (2020). An examination of regulatory and other measures to support quality early learning and child care in Alberta. Muttart Foundation; Prentice, S. (2016). Upstream childcare policy change: lessons from Canada. Australian Educational Leader, 38(2), 10; Cornelisse, L. C. (2015). Organizing for Social Policy Change: Child Care Policy Advocacy in Canada (Doctoral dissertation, Carleton University); Pasolli, K. E. (2015). Comparing child care policy in the Canadian provinces. Canadian Political Science Review, 9(2), 63-78; Turgeon, L. (2014). Activists, policy sedimentation, and policy change: The case of early childhood education in Ontario. Journal of Canadian Studies, 48(2), 224-249.

Canadian research

As noted, a main focus of Canadian research on auspice has been on program quality. Quality is an important consideration in child care, as child development research shows conclusively that "quality matters" – good quality benefits children while poor quality may be detrimental (see, for example, Shonkoff & Phillips, 2000). Thus, research from Canada, the United States, New Zealand, the United Kingdom, the Netherlands, and Australia that shows quality differences between for-profit and non-profit child care is of interest. These differences hold whether quality is measured with observational tools such as the Early Childhood Environmental Rating Scale (ECERS) that measure "process quality" or assessed using structural predictors of quality. Mainly, research examining child care variables across multiple jurisdictions shows that not-for-profit child care is likely to be of better quality than for-profit child care. Research suggests that auspice plays a key role in determining whether program quality will be higher or lower through its impact on wages, working conditions, ECE training, staff turnover, staff morale, staff/child ratios and group size.

Research on child care across multiple jurisdictions shows not-for-profit child care is likely to be of better quality than for-profit child care. Auspice plays a key role in higher or lower program quality through its impact on wages, working conditions, ECE training, staff turnover, staff morale and staff/child ratios.

Among Canadian studies, several stand out. A 2004 study by economists Cleveland & Krashinsky used the Canada-wide dataset from *You bet I care!*, the sole Canadian study linking cross-Canada data on the child care workforce to structural and process quality[10]

10 *The You bet I care!* study, published in 2000, collected workforce data in all provinces/territories and process quality data in seven provinces/territories including New Brunswick, Quebec, Ontario, Saskatchewan, Alberta, British Columbia, Yukon..

(Doherty et. al, 2000). Cleveland & Krashinsky (2004) calculated ECERS[11] scores in non-profit centres to be 10% higher in quality than for-profit centres, with for-profit centres overrepresented among lower quality centres. They concluded, "the positive impact of non-profit status on quality is persistent, even when a wide range of variables is held constant" (Cleveland & Krashinsky, 2004: 13), finding that non-profit centres did better on all measures, with greater auspice differences for infants and toddlers. The greatest differences were on measures and sub-scales concerned with children's personal care, use of materials, activities and teaching interactions linked to language development, teacher interactions with children, staff communication with parents and supporting the staff needs. When other factors associated with quality such as jurisdiction, child population, financial resources, and higher staff education were taken into account, non-profit centres still scored higher.

In another analysis of the *You bet I care!* data, Doherty et al. (2002) examined two hypotheses offered to explain quality differences by auspice: 1) non-profit centres have greater access to government funds and low-cost facilities, therefore have more resources to provide quality programs, and, 2) non-profit and for-profit operators have different organizational goals, leading to between-sector differences in organizational structures, behaviours, and characteristics. This analysis also explored whether centre quality is influenced by the interplay between auspice and provincial/territorial context. It concluded that for-profits' lower quality ratings do not simply result from poorer access to financial resources. Quality is affected by behaviours such as hiring more untrained staff, paying poorer wages, generating higher staff turnover and lower morale, as well as program characteristics such as poorer ratios (Doherty et al., 2002).

11 The Early Childhood Education Rating Scale (ECERS) is a widely used observational tool that rates a series of activities in a child care room.
See https://ers.fpg.unc.edu/scales-early-childhood-environment-rating-scale-third-edition.

Cleveland et al. analyzed four Canadian child care datasets and found "strong patterns of non-profit superiority in producing quality child care services across all the data studied" (2007: 6). Cleveland also analyzed City of Toronto Assessment for Quality Improvement[12] (AQI) data from centres providing subsidized child care (2008). Again, he found non-profit quality consistently higher than for-profits, while municipal centres showed the highest quality across all age groups. Cleveland noted "clearly, the differences in input choices (wages, staff training, use of funds) of non-profit centres contribute to their quality advantage over commercial centres" (2008: 9).

In Varmuza's (2020) PhD dissertation, City of Toronto Assessment for Quality Improvement (AQI) data on municipally operated, non-profit and for-profit centres providing subsidized child care was again examined, in this case, the stability of quality ratings of 1,019 preschool classrooms over three years. This analysis found significantly lower staff wages and lower proportion of staff with ECE credentials in for-profit centres. Comparison of the quality scores across centre types showed non-significant differences between non-profit and for-profit centres in the baseline year but significant differences between the municipally operated centres and the others. The author noted a caveat that "the data used…was restricted to centres with agreements to provide service to subsidized children[13] and represent only about 70% of all preschool-age programs in Toronto" (Varmuza, 2020: 92).

A number of Quebec-specific studies have compared quality in non-profit and for-profit centres. An overview summary of the body of Quebec research on quality issues was summarized by two Quebec child care quality researchers: "Quality levels vary significantly according to the type of child care setting: early childhood

12 The AQI is the City of Toronto's centre quality rating system.

13 Centres must achieve a specified City of Toronto quality rating to be granted a subsidy agreement, so it should be assumed that the group of centres used in Varmuza's research did not include centres that fell below this quality criterion.

centres generally offer better quality services than for-profit" (Japel & Whelp, 2014: 60).

The *Etude longitudinale du développement des enfants du Québec* (ELDEQ), using the ECERS, and the *Grandir en qualité*, using a Quebec-developed four-point quality scale, both found Quebec's for-profit centres offered consistently poorer quality than non-profits (Japel et al., 2004, 2005; Drouin et al., 2004). The *Grandir en qualité* study showed for-profit child care not only was poorer quality overall — scoring lower on all sub-scales — but lower on global evaluations as well. Drouin et al.'s (2004) study, like Cleveland & Krashinsky's (2004), also found for-profit centres to be greatly over-represented among "unsatisfactory" centres; for-profit infant care was more likely to be of unsatisfactory quality at eight times the rate of non-profits.

A study conducted by the *Institut de la Statistique du Québec* (ISQ) in 2015 is of particular interest because it was conducted following the development of the second tier of child care centres. As this paper discussed earlier, in 2008, Quebec began to offer a "natural experiment" for comparison between its operationally funded, set-fee, mostly non-profit *centres de la petit enfance* (CPEs) and a second "market" tier of child care centres–all for-profit, not operationally funded, not required to charge set fees, and relying on a tax credit to partly reimburse parents for fees paid. The ISQ study compared the two sectors. It rated 45% of non-profit centres with provincially set fees (CPEs) as "good or excellent", while 4% were "inadequate". In contrast, 10% of for-profit centres (*garderies*) used by full fee[14] parents reimbursed through a tax credit were rated "good", while 36% were rated "inadequate". Regarding compliance with educator training regulations: 87% of non-profit centres complied with a Quebec regulation requiring ECE training for 2/3 of centre staff

14 In Quebec, these are called "non-reduced contribution" centres. They are publicly funded through a tax credit reimbursement to parents rather than through operational funding and are not required to charge parents a provincially set fee ($8.35 a day in 2019).

but only 18% of full fee for-profit centres were compliant with this regulation (Institut de la Statistique du Québec, 2015).

In a 2017 analysis of Alberta regulatory issues, Richardson examined compliance with regulations based on data from an online tool posted by the Alberta government showing results of licensing inspections. Her research compares BrightPath with similar size non-profit child care centres in the community. Richardson's findings showed the for-profit centres were more likely to be reported as non-compliant with regulations, licensing inspection visits and critical incident investigations. Compared to the non-profit centres, BrightPath centres had "twice as many licensing inspection visits and four times as many non-compliances with provincial child care regulations; BrightPath's number of critical-incident investigations was over twice as high (31 investigations for BrightPath to 14 for the comparators). Even more striking, its complaint investigations were ten times more numerous (41) than those of non-profit centres (three)" (Richardson, 2017: 120).

Key differences between non-profit and for-profit child care have been identified with regard to child care workforce issues, where non-profits invariably are rated better: wages, benefits, working conditions, staff turnover, morale, satisfaction and education levels. Cleveland & Hyatt examined the effects of several variables including education and tenure, as well as auspice on wages. Their analysis found "the wage premium in different types of non-profits varies from 7% - 24%" (2000: 1). In addition to the data on the child care workforce generated by the 2000 *You bet I care!* Canada-wide study, a 2013 follow-up study titled *You bet we still care!*, also provided relevant data on the child care workforce across Canada. Flanagan et al.'s (2013) study collected data on structural variables but did not include process quality measures as the earlier study had. Doherty et al.'s (2000) study had found staff turnover rates in the for-profit sector to be almost double the rate for the non-profit sector across three teacher positions analyzed: assistants, teaching staff and supervisors (the 2013 study did not include data on turnover rates per se). Both studies found greater job satisfaction among educators in the non-profit sector. Flanagan et al.'s (2013) report found for-profit centres had greater challenges recruiting qualified staff and reported a somewhat larger average number of qualified staff leaving the centre compared to non-profit centres.

Matthew (2013) also used the *You bet I care!* dataset for her dissertation on the workforce in Canadian for-profit, non-profit and co-operative centres. This research supported previous findings regarding workforce differences by auspice and found higher wages, higher reported levels of workplace satisfaction, formalization (the extent to which roles and responsibilities are standardized and explicit), and better overall organizational influence in non-profit than in for-profit centres (Matthew, 2013).

In a 2018 Vancouver-based survey, Forer found both quality differences and differences related to the child care workforce between non-profit and for-profit auspice. Noting a caveat that for-profit centres had much lower response rates than non-profits, the Vancouver study found that staff in for-profit programs were "less well educated, had less ECE-related experience, were relatively underpaid (for those working with children only), and were less likely to be offered a variety of benefits, compared to those working in non-profit programs" (Forer, 2018: 8). Differences included not only hourly wages (especially when broken down by job roles), education, benefits and certification but differences by age (lower median wage, job mobility and tenure) in for-profits.

In a study conducted for a master's thesis, Romain-Tappin (2018) interviewed Ontario early childhood educators who had worked in both for-profit and non-profit centres. The participants reported receiving lower wages, poorer working conditions and recognition in for-profit centres, and reported the centres were more likely to be "unhappy" places. This study, although small, is consistent with other research in Canada and elsewhere (Romain-Tappin, 2018).

Finally, Macdonald & Friendly's 2021 report on fees in 37 large Canadian cities found that of the cities surveyed, almost every city showed higher median fees in for-profit centres—in some instances substantially higher—despite equivalent public (provincial/territorial) funding to the two. For example, the largest spread, in Surrey, B.C, for-profit centres charged 60% more than non-profits. In the Alberta cities of Calgary, Edmonton and Lethbridge, for-profit centres' fees were 36% to 55% higher than non-profits. In each of the five Quebec cities included, parents using for-profit centres were found to be paying several times more than parents in the non-profit *centres de la petit enfances* (CPEs), even after reimbursement through the child care tax credit system was factored in (Macdonald & Friendly, 2021).

Overall, these selected studies, and others, from Canada's body of research examining the relationship of centre ownership to child care quality characteristics have found a variety of differences using different methods over a number of years.

International research and analysis related to child care auspice

In addition to Canadian studies on quality associated with auspice, there have been many studies addressing auspice issues in other countries. European studies tend to be policy analyses, although there are some empirical studies of quality and inequality issues among them, especially among the comparative studies included. This section organizes international research by country and includes the main OECD countries where child care follows a market model – the U.S., the U.K., Australia, New Zealand and the Netherlands. Each section includes a brief description of the countries' early learning and child care landscapes, with a small number of key studies included. A section reviewing a larger number of comparative studies follows.

United States

The United States is a federation in which each of the 50 states has the main responsibility for education and child care, although there is a National Department of Education. It has never had a national child care policy but has had some national presence in data collection, some funding and a 50-year-old national compensatory education program, Head Start. The U.S. has long had a mixed-sector child care market, with more than 70% of centres reported to be for-profit, and one-third operated by for-profit chains that are often publicly traded (Sosinsky, 2012). In 2020, the twelve biggest for-profit child care providers in the U.S. provided child care for more than 850,000 children in 5,900 centres (Child Care Information Exchange, 2020). Before 2011, a number of older key studies had found quality differences between for-profit and non-profit child care, including, for example, the National Child Care Staffing Study (Whitebook, 1989), while Sosinsky (2007) found quality differences between corporate chains, smaller for-profits and non-profits (Sosinsky et al., 2007).

A 2012 book chapter by Laura Sosinsky describes how the expansion of for-profit child care services has been predicated on low wages, low early childhood training requirements, low public support for social services, and a large pool of female workers, many racialized (2012: 138). Working in child care is remunerated very poorly in the United States, with for-profit services generating a profit by reducing their largest budget item – staff wages. Lower income families access services with lower fees, sometimes weakly regulated, that they are able to afford. Without public funding, or limited public funding, these low fee services also pay low staff wages, thus ensuring lower staff quality, and lower quality of care. This creates “unequal access to higher quality child care”, higher-income families are better able to select and afford services with more qualified and well-remunerated staff (Sosinsky, 2012: 139).

United Kingdom

The United Kingdom, England, Scotland, Northern Ireland, and Wales each has its own approach to child care. However, they have generally followed similar trends (Penn, 2013). Child care improvement has been a recurring item on the Scottish political agenda through several elections and separation referenda (Cohen, 2014).

In the last twenty years, the United Kingdom has heavily promoted the for-profit child care sector within a market based system in which the national government has played the role of "market manager" since the introduction of a voucher system in 1998 (Mclean, 2014). The 2005 *Child Care Act* further entrenched a market model, in which demand-side funds for child care were linked to individual parents rather than to supply-side operating funding (Penn, 2013). According to Penn (2013) and Lewis & West (2017), the U.K. government incentivized private providers coupled with deregulation in order to meet their goals for rapid expansion instead of supporting local public providers to meet targets for provision. For-profit chains were incentivized, with the largest 20 nursery chains having a market share of 10% in 2014 (Lewis & West, 2017). A 2020 report from the New Economics Forum reported 84% of child care supply being provided by private providers, "as a consequence of government policies with the express intention of accelerating the marketization of childcare" (Hall & Stephens, 2020: 3).

Much of the analysis of the United Kingdom's child care provision has been centred around the interplay between marketization, for-profit enterprises and deregulation. Reducing regulations has been a priority of the U.K. government in recent years, with the key minister stating it is not for government to say that one form of child care is better than another, nor to prescribe wage rates or quality of staff (Lewis & West, 2017). Lewis & West (2017) described how regulations have been conceptualized by the government primarily as an impediment to their expansion goals, not as a safeguard or support for quality. Deregulation efforts have supported the expansion of large for-profit providers, who welcome the opportunity to cut “red tape” and associated costs. In a market system with high demand, for-profit services treat “quality” as a marketing feature in which they can promote their elective quality accreditation as a value-added for customers, while lobbying against efforts to improve quality through regulation (Penn, 2011). Hall & Stephens noted that “the current approach to child care means that the state is significantly subsidising the private sector. The likely trajectory of policy is that this subsidy will increase” (2020: 4).

Australia

Australia is a federation with six states and two territories; responsibility for child care is at the state level but the national government typically plays a key policy, funding and data role. Australia has a national department of education, which includes early childhood education and child care.

Australia provides an especially well-documented case study which is similar in many ways to other jurisdictions regarding to the outcomes of a thoroughly marketized child care system that intentionally encouraged for-profit provision. (The Australia case study is also described in this paper’s section on the history of for-profit child care in Canada). Beginning in 1988, the national government in Australia opened public funds to the for-profit child care sector (Logan et al., 2012; Brennan, 2008a). This spurred the rise of large publicly traded for-profit chains, which grew exponentially, mostly through acquisitions of smaller chains and single centres. Newberry & Brennan (2013) analyzed how ABC Learning created a business model in which child care was divided into property investors which owned the facilities and operating companies, such as ABC, which leased the properties and ran the child care services.

There were, in addition, multiple ancillary companies specializing in everything from construction to cleaning, to ECE training. All parties sought increasingly high profits and returns on investment, resulting in the property investors increasing rent, and the operating companies increasing parent fees and reducing core service costs. The firm also had close linkages with the property trusts which owned the buildings, and had secured exclusive contracts so purpose-built facilities could not be leased to other providers. This monopolization was enabled by Australia's government policies, which encouraged corporate risk diversification, and by the child care subsidy system, which had shifted to financing child care through demand-side payments to parents. These researchers noted that funds were funneled into corporate profits instead of to lower fees or to enhance quality services (Newberry & Brennan, 2013).

Press et al (2018) discussed how neoliberalism in early childhood education care has positioned Australian parents as consumers and how this has impacted the child care market. Irvine & Farrell (2013) noted that at a time when most countries saw a large increase in the demand for child care spurred by an increase of female labour force participation, Australia "turned to market theory and New Public Management principles to inform ECEC policy" (Irvine & Farrell, 2013: 1). Thus, the Australian government positioned child care as a commodity applying a business model to the child care system, which ultimately eliminated much of the care from the system. The results were far from the "increased choice for parents, reduced government expenditure, reduced fees, improved quality and diversity" hoped for by the Australian national government, as Brennan reported in a Canadian presentation (2008b).

TABLE 2 **Government goals in funding for-profit child care and outcomes**

Goals	Outcomes
More spaces	More spaces
Increased choice for parents	Diminished choice
Reduced government expenditure	Increased government expenditure
Reduced fees	Fee increases
Stimulation of private sector	Many driven out of business
Increased diversity of provision	Increased uniformity of provision
Increased quality	Downward pressure on regulations

Source: Brennan, 2008b.

New Zealand

In New Zealand, child care services are operated in a mixed-model market-based system with large corporate chains, sometimes imported from Australia, playing a significant role in provision. Linda Mitchell, a key New Zealand researcher, has conducted several studies showing the negative effects of this on child care quality and analyzed how for-profit services have been "encouraged under a market approach to provision, generous government subsidies, and few constraints on how funding can be spent" (2019: 85).

After decades of expanding for-profit services, the current government's Minister of Education identified "turning the tide away from a privatised, profit-focused education system" in the Terms of Reference to New Zealand's Strategic Plan for Early Learning (Goulter, 2018). Since then, New Zealand's Labour government has released an Early Learning Action Plan, which includes policies to improve educator remuneration and retention and increase ratios and staff qualifications but has taken no specific actions on reducing for-profit provision (Ministry of Education New Zealand, 2019).

Mitchell has noted that this declaration "opens the door for rigorous and research-based analysis of the problems with a market approach and for-profit provision and a move towards public responsibility" (Mitchell, 2019: 78), and there have indeed been several notable pieces of research and analysis on the topic, for example, Gallagher, 2018 and 2020, and Neuwelt-Kearns & Ritchie, 2020. Neuwelt-Kearns & Ritchie, writing from an anti-poverty perspective, have made a number of concrete recommendations, noting:

> Private for-profit providers are less likely to provide quality services across a range of indicators, including teacher qualifications, workloads and retention, teacher-to-child ratios, and cultural responsiveness. The profit incentive inherent in the private and corporate models means that the financial gain of investors, rather than the rights and needs of children, are prioritized. Poor quality services are more likely to be located in lower socioeconomic areas, which is troubling when we consider that gains from access to quality ECE are greatest among children from low-income households (2020: 17).

Mitchell has described policy levers that can "turn the tide" on for-profit care provision, including staff pay requirements, parental fee caps and increased financial accountability to government and parental bodies (2019: 85).

One of the effects of the privatization of the child care sector in New Zealand and elsewhere has been the emergence of child care property as a financial asset and opportunity for real estate investment. Gallagher (2020) described how in New Zealand, high urban land values, commercial lease conditions for child care property and the perceived security of the investment due to government funding to private child care services create conditions where "mom and pop investors" see child care real estate as a passive investment opportunity. The assetization and ultimate financialization of child care is only possible in a market-based system, and has consequences for the sector's sustainability and ability to provide quality child care for children, as Gallagher explained; conceptualizing child care properties as an investment opportunity creates rental contracts that seek to extract increasingly high levels of rent to make a profit for the owner—to the detriment of all child care providers and the system at large (Gallagher, 2020).

The Netherlands

In the mid 2000s, The Netherlands engaged in a process of privatizing child care. The 2005 *Child Care Act* introduced a national demand-side subsidy and deregulated child care programs under a parent "choice" rubric[15]. According to Akgunduz & Plantenga (2014a), these changes were intended to allow parents more choice to be able to select their child care arrangement, which could now be subsidized regardless of type, using a child care benefit demand-side payment (2014a). Child care availability and use increased after 2005 but process quality decreased over time as for-profit centres replaced public and non-profit provision and use of organized child care increased across socioeconomic groups but use patterns differed by income levels (Akgunduz & Plantenga 2014b). Noailly et al. (2007) also noted that privatization increased inequality. Compared to the period before the new *Child Care Act*, by 2006, child care services had shifted to residential areas with higher purchasing power, where privatized services had financial incentives to open to meet high demand. These researchers found the increase in child care provision to be mostly due to the large expansion of for-profit services and child minders, with closures observed in non-profit services operating in lower-demand (often low income) areas. A 2014 study by Helmerhorst et al., found a "significant and substantial decline in quality compared to 2005, with 49% of the groups now scoring below the minimal level" (2014: 1). Akgunduz and Plantenga (2014a), however, have argued that the decline of quality in Dutch child care centres was

15 An international seminar on changes to Dutch child care described this as "introducing a light touch on regulation" (See Childcare legislation in The Netherlands).

due to rapid speed of expansion post-2005, not necessarily a result of privatization. A comparative research study of the Netherlands and the U.K. by Eva Lloyd (2009) examined the negative impact of the market on child care accessibility, sustainability and quality in both countries. In 2021, a government scandal centred on the government child care benefit program caused the right-of-centre coalition government in the Netherlands to resign.

Comparative research

Research that "aims to make comparisons across different countries or cultures" has been used to examine child care auspice issues across countries, especially as many researchers have identified that privatization has been increasing even in non-market child care countries. Urban and Rubiano (2014) point out that there is an increasing trend towards privatization within the global trend of neoliberalism across countries, with negative effects on accessibility and quality. Many of the comparative analytical research studies compare and contrast various countries[16] experiences of child care policy. These studies have examined the impact of the market, the influence it has had on the development of for-profit child care and the effects on services and families.

Mahon et al. (2012) studied two Nordic countries (Finland and Sweden) and two liberal-democratic countries (Australia and Canada) to "find points of convergence around themes at the level of policy discourse and continued diversity in the way these ideas are translated into actual policies. In other words, convergence is mediated by institutions and political realignments" (2012: 1). Thus, although for-profit child care has made incursions in Finland and Sweden, and social investment strategies are part of the discourse in Canada and Australia, the comparative analysis "reveals fault lines that prevent and interrupt change, while at the same time recognizing political and economic processes that could produce seismic shifts" (Mahon et al., 2012: 7).

In a comparative mapping of European countries, Penn (2014) created four categories to describe European countries' approach to private provision. The first category includes "countries which actively promote private provision and have relatively lax or narrow regulations" (Penn, 2014: 151) such as the United Kingdom. The second category is made up of countries with near-universal state provision which discourage any private enterprise child care. The third is made up of countries that allow private providers but with strict regulatory conditions, such as Germany, Norway, and Austria. The final category are countries that have not taken an active role for or against the private sector, mainly accession countries[16] and Southern Europe. Penn notes how marketization and for-profit care are widespread globally, but that Europe, excluding the U.K., still had "negligible" for-profit child care in comparison to market child care countries (Penn, 2014).

In Brennan et al.'s (2012) study of Sweden, England and Australia, the authors found that all three countries to a greater or lesser extent, encouraged a narrative of "individual choice". The authors noted that Australia had moved in an extreme way towards this narrative compared with Sweden, with parents viewed and treated as consumers of for-profit services in Australia and England (Brennan et al., 2012). Some researchers have noted that treating parents as consumers, using "choice" rhetoric enables the creation of private systems that do not support equitable access to care services. In a comparative study of inequality of access to child care in Germany, Sweden and Canada by the Deutsches Jugendinstitut, Canada's market model, with its considerable for-profit provision in some regions, was detailed by Japel & Friendly (2018), in comparison with Germany (Scholz et al., 2018) and Sweden (Garvis & Lunneblad, 2018).

According to a comparative study by Yerkes & Javornik (2018) of three public and three market child care countries, provision of child care is primarily public in Iceland, Slovenia and Sweden.

16 Accession countries are those that are in the process of joining the European Union.

These three countries have supported the development of accessible, affordable, available, and high quality early childhood education and care (Yerkes & Javornik, 2018). By contrast, these authors note that countries such as Australia, the Netherlands and the United Kingdom with market child care provision create opportunities for for-profit child care to emerge and thrive. With a market system, these countries have child care systems deemed "problematic" by the authors, who outline their accessibility and availability problems, as well as higher costs and lesser quality.

In summary, research from Canada and many other countries shows many differences between public, non-profit child care services and those operating on a profit-making basis across regulatory and financial environments on important dimensions including quality, components of quality, the child care workforce, equity and parent fees.

5 Auspice and the care economy

This section examines relevant lessons for early learning and child care to be learned from auspice issues associated with Canadian long-term care. Concerns about the effects of for-profit ownership on the operation of long-term care facilities, especially by large corporations, is not new. But the weaknesses of Canada's market model long-term care, which were exposed in a new way during the COVID pandemic, provide valuable comparisons to, and lessons for child care. While issues of concern about the quality of care in for-profit long-term care facilities had long been documented, demands for change reached the public and political agenda as a result of the pandemic (Canadian Health Coalition, 2018).

Two care sectors: Similarities and differences

Long-term care shares many important characteristics with child care. Sociologists Susan Prentice and Pat Armstrong, experts on child care policy and long-term care policy respectively, have observed that:

> Child care and elder care have a great deal in common. They both are considered primarily family responsibilities, justifying low public investment in caring on such grounds. At an earlier historical moment, both child care and elder care were seen as needs to be solved by charitable and benevolent societies. Today, they both are increasingly a means for profit-making, with the involvement of the corporate sector justified on the

grounds that it will expand access while improving quality and saving money for the public sector (2021).

Long-term care homes are residential settings intended for individuals requiring 24-hour nursing and personal care, frequent assistance with activities of daily living, and on-site supervision or monitoring to ensure safety and well-being. Long-term care residents generally have more care needs than those in assisted or independent living settings, although sometimes all three living options are provided in one location. According to the 2016 census, there were almost 160,000 people living in long-term care facilities in Canada in 2015 (Library of Parliament, 2020).

Under the Canadian Constitution, health care is a shared responsibility of the federal and provincial governments. However, long-term care is considered an "extended health care service" and is not included under the *Canada Health Act*, which defines which services must be provided under the province's public health insurance program for the province to receive federal funding. Long-term care homes are governed by provincial/territorial legislation and funded through both provincial funding and user fees. Since the pandemic, there has been enhanced interest in an increased role by the federal government. This is similar to child care, which is governed by provincial/territorial governments, and not under any federal legislation.

Canadian child care and long term care both operate within market systems based on supply and demand, with funding that is partly public, partly user fees, and regulatory oversight by provinces/territories. Both sectors provide care for vulnerable populations, and the work of both kinds of care is done by low-paid predominantly female workforces. Characteristics of the workforce, such as staff ratios and education, play key roles in the quality and safety of the vulnerable people – whether they are elderly residents or children— in their care. Staffing costs are by far the largest part of long-term care facilities and child care centre budgets. Thus, in both long-term care and child care, for-profit companies are incentivized to keep wages and benefits low and staffing limited in order to generate a profit.

There are also some key differences between child care and long-term care. Although relatives or friends visit loved ones living in long-term care facilities, it is unlikely to be on a daily basis. However, parents make appearances twice daily at their child care centre in the morning and evening. That children are brought to and collected from child care every day provides a level of built-in risk mitigation, as health and safety cannot deteriorate over multiple days, as it can in a nursing home. As well, in the field of early learning and child care, there is an understanding of the inseparable nature of education and care for young children; education, in the broad sense, is seen as one of the objectives of child care. Although intellectually engaging activities may be integrated into a long-term resident's care, education is not accorded the same importance as it is in child care. Thus, the associated organizational structures and elements related to child care's pedagogical role, such as pedagogical documentation and curriculum frameworks, are not part of long-term care. Connected to this difference, child care quality can be assessed in terms of children's development, while health outcomes are generally the sole measure of quality in long-term care.

Although long-term care and child care both have mixed ownership provision in Canada, large corporations have made more headway in the elder care sector than they have in child care. For-profit long-term care in some provinces is dominated by corporate chains, while in the Canadian for-profit child care sector centres, smaller and medium-size chains are more common. As well, while child care spaces have steadily increased in Canada over the last twenty years, long-term care spaces have decreased. The Canadian Health Coalition describes that although long-term care spaces have decreased, the number of beds per facility and number of corporate chains have increased. Thus, they point out, "the long-term beds that are available are increasingly in larger corporate-style for-profit facilities" (2018: 9)

Provinces/territories pay for health care costs in long-term care but residents are responsible for rent, and associated living expenses, such as laundry and housekeeping (Library of Parliament, 2020). In 2018, $27 billion was spent on long-term care homes (or nursing homes), 74% of which was public funding and $7 billion from private funds, comprised of both out-of-pocket costs and co-payments from insurance plans (National Institute on Aging, 2019). Subsidies for low income individuals are also available by application to the province. As with child care, the equilibrium between supply and demand for long-term care has not been adequately solved in a market system; long waiting lists, high fees and inaccessibility are common as they are in child care (Noorsumar, 2021).

Like child care, long term care is provided by public, non-profit and for-profit operators, with the share of services delivered by each auspice varying significantly across provinces/territories. Long-term care, however, has a much larger share of public ownership than does child care: 46% of Canada's 2,039 long-term care homes are publicly owned, 28% are private for-profit and 23% are private non-profit (Canada Institute for Health information, 2020). There is significant variation in this by province/territory, however, as there is in child care. For-profit ownership ranges from 57% of all provision in Ontario to 0% in Northwest Territories, Yukon and Nunavut, where all long-term care is publicly operated (Canada Institute for Health information, 2020).

TABLE 3	**Percent of long-term care facilities by auspice. Provinces/territories and Canada (2020).**		
Provinces/territories	**Public (%)**	**Non-profit (%)**	**For-profit (%)**
Newfoundland and Labrador	97%	None	3%
Prince Edward Island	47%	47%	6%
Nova Scotia	14%	41%	45%
New Brunswick	None	88%	12%
Quebec	86%	14%[17]	
Ontario	16%	27%	57%
Manitoba	57%	30%	13%
Saskatchewan	75%	21%	4%
Alberta	47%	28%	25%
British Columbia	38%	28%	34%
Yukon	100%	None	None
Northwest Territories	100%	None	None
Nunavut	100%	None	None
Canada	46%	23%	28%

Source: Canada Institute for Health information, 2020.

Although long-term care's 28% for-profit share (of facilities) of the Canada-wide total is identical to that of licensed child care's (28% of spaces in 2019), a much larger share of for-profit long-term care facilities are owned by large, often international, corporations than are child care centres.

Canadian for-profit child care is less corporately owned than long-term care, although there are many medium sized child care chains. Among the biggest corporate child care firms is privately-held Kids & Company, which owns 90+ locations across Canada (predominantly in Alberta, Ontario and British Columbia but in three other provinces as well.) There are now no child care companies trading on Canadian stock exchanges. BrightPath, formerly Canada's sole publicly traded child care chain, was acquired

17 Breakdown between non-profit and for-profit auspice not available for Quebec.

by London-based Busy Bees in 2017. Busy Bees now operates 92 Canadian centres under the name BrightPath and several other names in Alberta, Ontario, and BC. The Ontario Teacher's Pension Fund is the majority owner of Busy Bees, which includes close to 1,000 centres in the UK, Australia, Canada and Asia.

In long-term care, Revera which operates more than 500 long-term care facilities across Canada, the United States and the United Kingdom is owned in part by Canada's Public Sector Pension Investment Board, the pension fund for the Public Service Alliance of Canada. In 2020, the public service union – in response to resident deaths from COVID-19 at Revera facilities – called for the federal government to shift Revera to public ownership and operation (Public Service Alliance of Canada, 2020). Several other publicly traded corporations each operate hundreds of homes in the long-term care sector in Canada, including Extendicare, Chartwell, and Sienna Senior Living. Chartwell, which claims to be the "largest operator in the Canadian seniors living sector" has more than 200 locations in Ontario, Quebec, Alberta, and British Columbia (Chartwell, 2021). In many instances, facilities and operations are owned by different long-term care companies.

The financialization of long-term care is not exclusive to Canada. An analysis of Canada, United States, United Kingdom, Norway, and Sweden demonstrates that the large for-profit nursing home chains in each country are increasingly owned by private equity investors, with shifting ownership over time, and complex and opaque organizational structures (Harrington et al., 2017), These are similar to those involved in the child care sector, as described by Simon, et al (2021, forthcoming) in the U.K., Gallagher (2020) in New Zealand and Brennan (2008b) in Australia.

The workforce in child care and long-term care

In Canada, more than 90% of the workforce in both the child care and long-term care sectors are women. The long-term care workforce is disproportionately racialized and migrant women; comparable workforce data are not available for child care. In Ontario, 58% of long-term care employees are personal support workers (PSWs), which generally requires a six-month course, and usually pays between minimum wage and $20/hr (Ontario Ministry of Long Term Care, 2020). The employment of PSWs suffers from the same recruitment and retention issues as those of early childhood educators, with low remuneration and high staff turnover. In Ontario, 50% of PSWs are retained in the health care sector for fewer than five years, and 43% are reported to have left the sector due to burnout resulting from inadequate staffing (Lakusta, 2018). Comparable data are not available in the child care field but a 2013 cross-Canada study found that 65.5% of the child care employers (usually centre directors) reported at least one permanent staff leaving the centre in the past year; for-profit centres reported somewhat higher mean numbers of qualified staff leaving the centre than non-profit centres (Flanagan et al., 2013).

Many long-term care employees are contracted through temporary staffing agencies or work part-time hours. Neither of these is common in child care, however, nor do child care staff ordinarily move between multiple centres as long-term care staff often do between multiple facilities. Staff often do not have paid sick leave, benefits or employment security in either long-term care or child care. An analysis of the long-term care workforce in British Columbia and Alberta (Duan et al., 2020) showed that 24% of care aides (PSWs) worked in multiple facilities, with more workers working in multiple locations in public and for-profit homes than non-profit homes. This survey of 3,765 care aides also reported that 15% work a second or third job outside the sector. When asked why they chose to have an additional job out of the sector, 73% attributed it to financial reasons, and 17% stated that they could not get full time hours (Duan et al., 2020). Comparable data on Canada's child care workforce are not available.

Differences in quality of care between for-profit, non-profit and public operators associated with workforce issues have been documented in the long-term care sector as they have been in child care. A study of 167 long-term care homes in British Columbia found that the mean number of hours per resident-day was higher in non-profit facilities than in for-profit facilities for both direct care and support staff and for all facility levels of care (McGregor et al., 2005). A 2016 Ontario study also showed for-profit long-term care facilities – especially those owned by a chain organization – provided significantly fewer hours of care, after adjusting for variation in residents' care needs (Hsu et al., 2016). An international meta-analysis of 82 studies on nursing home quality indicated higher quality care in non-profit facilities. Non-profits had higher quality staffing and lower risk of pressure ulcers compared to for-profit facilities. Results also favoured non-profit homes on the measures of lower rates of physical restraint use and fewer deficiencies in government regulatory assessments, although these results were not statistically significant (Comondore et al., 2009).

Long-term care and the effects of COVID-19

While poor quality in long-term care, the effects of auspice on resident health and safety, and anxiety about workforce and working conditions had been concerns for some time, it was the coming of the pandemic that raised an alarm about all these issues. During the pandemic, there were many deaths in Canada in long-term care and the issues with it were brought to new, high levels of public attention. By March 2021, 74% of COVID-19 deaths in Canada had been in long-term care (Canadian Institute for Health Information, 2021). In an analysis of 623 Ontario long-term care homes between

March and May 2020, Stall et al. (2020) found that for-profit status was associated with the extent of an outbreak of COVID-19 in long-term care homes and with the number of resident deaths, although not with the likelihood of outbreaks. Researchers attributed these differences to the high prevalence of chain ownership of for-profit LTC, and older, not upgraded physical design standards. Staff movement between their jobs at multiple long-term care homes was also identified as a source of COVID-19 transmission into long-term care homes (Stall et al. 2020). Staff movement between jobs has been linked to cost savings on staffing costs by offering less-than-fulltime hours. An American analysis (Chen et al., 2020) estimated that 49% of U.S. nursing home COVID-19 cases were attributable to cross-facility staff movement. In an analysis of Ontario long-term care homes using mobility data, Jones et al. (2021) found that 42.7% of nursing homes shared a connection with at least one other home prior to the provincial government enacting restrictions to reduce worker mobility between multiple homes. In both the non-restricted and restricted periods, inter-long term care movement was higher in homes in larger communities, those with higher bed counts, and those that were part of a large chain.

It is noteworthy that weaknesses in provision of Canada's long-term care provision in all sectors were exposed during the pandemic but that for-profit operations had worse outcomes when comparisons between ownership types are made. As the research and analysis shows, comparison between these two care sectors – child care and care of the elderly – show similar profit-driven factors, especially those associated with staffing, to be linked to the care provided to their respective vulnerable populations.

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.

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