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Benefits to Expanding Public School Early Learning and Child Care¹

The Government of Canada, through the 5-year Canada-wide Early Learning and Child Care (CWELCC) Agreements and Bill C-35 has “a goal to support the establishment and maintenance of a Canada-wide early learning and child care system where families have access to affordable, inclusive and high quality early learning and child care programs and services regardless of where they live”.² If realized, it would represent a major enhancement of social infrastructure and could deliver significant economic gains.

The economic returns can be divided into two main categories. First, there are the benefits to parents that arise when young children are enrolled in care. Such parents can have greater labour force participation and reduced stress, which increases labour productivity. Second, there are the gains to children from the provision of high-quality, play-based early learning programs. The application of appropriate pedagogy and well-developed curricula delivered by trained and experienced early childhood educators (ECEs) can increase the skill and emotional development of children, making them more school ready and giving them an advantage in life that extends well beyond their school years.

These factors lead to a high rate of economic and social return on investments in early learning and childcare (ELCC). Since lower income families, children from disadvantaged backgrounds and women – who tend to bear the greatest burden for childcare – benefit the most from the expansion of ELCC, investment in this space can help to reduce inequality.

Canada has historically underinvested in ELCC, and the market track record is inadequate supply at a prohibitive cost to many families – particularly lower income families. The delivery of ELCC in Canada is a patchwork quilt of varying channels of mixed quality. There are also unregulated childcare arrangements, often with children being cared for by family members or non-family members at private homes. There is provincial and territorial regulated licensed childcare, including: for-profit corporate childcare centres, for-profit privately-owned childcare centres, non-profit organizations or cooperatively owned childcare centres, and non-profit publicly operated childcare centres (such as centres run by municipalities and school boards). Finally, there is kindergarten for five-year-old children and pre-primary education for younger children delivered by schools.

The federal funding of CWELCC will lead to an expansion of ELCC in Canada, with the policy designed to improve affordability, at a price of \$10 a day care, and will increase supply of ELCC primarily through licensed childcare centres. This is beneficial but will face several obstacles.

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² Bill C-35: An Act respecting early learning and child care in Canada <https://www.parl.ca/documentviewer/en/44-1/bill/C-35/third-reading> page 2

For example, at least initially, there will be inadequate availability of qualified early childhood educators (ECEs). The return on investment will be reduced by the mixed quality of licensed centres. The goal of universal access will not be achieved because it is not viable to operate licensed childcare centres in remote parts of Canada. And, many low income families may not enroll children because it still carries a price tag.

Given the considerable benefits to expanding early learning and the challenges in expanding licensed care, it is worth highlighting the merits of continuing to expand ELCC through the public school system.

All provinces and territories have recognized the value of starting education before Grade One. However, the Kindergarten programs for 5-year-old children vary. Nine jurisdictions have full day programs (i.e. follows the school calendar for full instructional day) and four have mostly part day kindergarten although full day programs may be offered in some communities. Some are compulsory, while others are not. As of early 2023, several regions have recognized the advantages of introducing pre-kindergarten (Pre-K) classes, under a variety of names, at even earlier ages. Five jurisdictions have, or are working towards, universal full-day Pre-K for 4-year-olds delivered by schools. Another four deliver school-operated programs in vulnerable communities, while two provinces have introduced Pre-K provided by community operators.³

The key point is that the current early learning environment varies greatly across the country, highlighting that patchwork approach highlights that while there is an appreciation of the benefits to expanding early learning, the opportunities and experience of children is very unequal across Canada.

This paper will argue that there is considerable merit to expanding school-delivered early learning to full-day programs and to earlier ages. There are seven core benefits to expanding public school operated Pre-K:

1. Schools are in every neighborhood, helping eliminate childcare deserts.
2. Schools deliver programs that can maximize inclusivity and diversity, boosting the impact of ELCC expansion.
3. School programs can provide a continuum of high-quality learning.
4. Schools attract and retain top-quality early childhood educators and lift market competition for ECEs, which can increase compensation in the sector broadly.
5. Schools have economies of scale due to being part of the public sector.
6. Schools have strong governance and political accountability for outcomes and data collection for program assessment is easier than surveys of licensed care providers.
7. Schools eliminate the risk of market-based supply disruptions and reduce the risk of politically triggered supply disruptions.

The bottom line is that, as governments expand investment in childcare, there is the opportunity to build a universal, holistic, high-quality ELCC system in Canada that would provide continuity of learning for all young children. Pre-K programs delivered by schools should be at the heart of this system, with additional ELCC provided by schools or by other institutions. The latter is particularly important outside of school hours. Such a system would recognize that the focus of

³ For an overview of the current state of Kindergarten and PreKindergarten programs see [Profiles | Early Childhood Education Report \(ecereport.ca\)](#)

ELCC is on education – starting at an earlier age than is currently available. This approach would maximize the benefits to parents and to children ensuring the highest potential economic and social returns on the investment of taxpayer dollars.

Investment in early learning and childcare carries significant gains

To understand the benefits of school-delivered early childhood education, one needs to fully appreciate the potential returns, for which there is a large body of academic research.

The economic benefits to parents of young children are well documented.⁴ The increase in labour participation of parents (particularly women due to the division of childcare responsibilities within most households) will raise household income and help address labour shortages amid Canada's aging workforce. It reduces barriers to job advancement that often occur when women take extended leave to manage child rearing requirements – a frequent source of gender inequality in the labour market. Childcare reduces stress on parents, helping them to be more productive workers. Because wealthier parents have traditionally been more able to afford childcare, government policies that make childcare more affordable and generate more child enrollment in care reduce inequality. Childcare has benefits in both the short-term – allowing women to work after the end of maternity leave – and in the long run – because the provision of childcare helps overcome barriers to female career progression.⁵ Governments can help the realization of these benefits by making childcare more accessible and more affordable. The Canadian historical experience has been that the market alone generates inadequate childcare supply at a prohibitively high cost for many young families – creating a powerful argument for government policy intervention.⁶

Then there are equally well-documented economic benefits to children. Neuroscience has demonstrated that children's brains grow rapidly and are close to 90 per cent of an adult's brain by age 5.⁷ That means children are learning and developing well before entry into the primary education system at age 6. Early childhood education programs improve cognitive development (such as literacy, numeracy, and spatial skills).⁸ Children also learn self-regulation during ages 3 to 5.⁹ Self-regulation is important for social and emotional development, but it also supports cognitive skill development. It is widely acknowledged that children from disadvantaged backgrounds, income poverty and social risk (which includes barriers to success due to race, ethnicity, culture, language, gender, neighborhood, and other non-financial factors) benefit the most from access to early learning programs.¹⁰

⁴ Fortin, Pierre, Luc Godbout, and Suzie St-Cerny, "Impact of Quebec's Universal Low-Fee Childcare Program on Female Labour Participation, Domestic Income and Government Budgets," 2013, University of Toronto, page 2.

⁵ Simintzi, Elena, Sheng-Jun Xu and Ting Xu, "The Effect of Childcare Access on Women's Careers and Firm Performance," 2023, page 26.

⁶ Macdonald, David and Martha Friendly, "Not done yet \$10-a-day child care requires addressing Canada's child care deserts," 2023, Canadian Centre for Policy Alternatives.

⁷ [Brain Development — Helen R. Walton Children's Enrichment Center \(hwcec.org\)](https://www.hwcec.org/brain-development)

⁸ OECD, "Early Learning Matters," 2018, page 10-11

⁹ OECD, "Early Learning Matters," 2018, page 6

¹⁰ Bradbury, B., M. Corak, J. Waldfogel, and E. Washbrook, "Inequality in early child outcomes," 2012, New York, NY. Russell Sage Foundation.

Benefits to Early Learning and Childcare	
Benefits to Children	Cognitive Development Social-Emotional Development
Benefits to Parents	Labour Force Participation Greater Household Income Reduced Stress
Benefits to Government	Higher Taxes Less special education in schools Reduced future demand for social benefits
Benefits to Economy	More Workers Less Inequality Higher Productivity More Resilient and More Skilled Future Workers

It should be stressed that ELCC programs do not diminish the priority role of parents and family to child development. Children learn a great deal from family members through their interaction and play. However, they also learn from interaction with other children (especially social skills, language development and emotional regulation) and from adults that are not part of the immediate family. Thus, time spent in early learning and childcare is a complement to the time that children spend learning within their families.

Contextual Factors Influencing a Child's Early Learning



Source: Adapted from OECD Early Learning Matters (2018)

The benefits of stronger essential skills and social-emotional skills make children better prepared for entry into the school system. Cognitive skill development can make it easier for children to grasp the teachings in primary school. Stronger self-regulation helps children to ignore distractions and impulses, thereby increasing attention in the classroom and improving discipline, which again helps educational performance.

International longitudinal research that tracks the performance of children over time provides convincing evidence of the long-term benefits of high quality early childhood education. The proven value of “early learning” validates the possibility of “earlier education”. It is why kindergarten was first introduced to schools. It is also why, increasingly, educators are looking to extend education to those early years through Pre-K school programs, which can create a continuum of learning and development – all housed within the concept of public education.

As already mentioned, the current delivery of early learning and childcare is done through a variety of channels. There are unregulated childcare arrangements, often with children being cared for by family members or non-family members at private homes. There is licensed childcare under provincial and territorial regulation, provided by for-profit businesses and non-profit institutions. And there is pre-primary education delivered by schools.

The single biggest recent development to the ELCC market in Canada is the announced federal funding being provided through the 5-year Canada-wide Early Learning and Child Care Agreements (CWELCC). This initiative is aimed at reducing the cost of ELCC to families to \$10 a day per child. This will increase demand for ELCC and will necessitate an increase in supply,

which by design of the policy will be accomplished through licensed childcare. While the federal policy is unambiguously positive, it is important that it not be allowed to overshadow, or worse act as a deterrent, to the expansion of Pre-K programs through the provincial and territorial publicly-funded school systems.

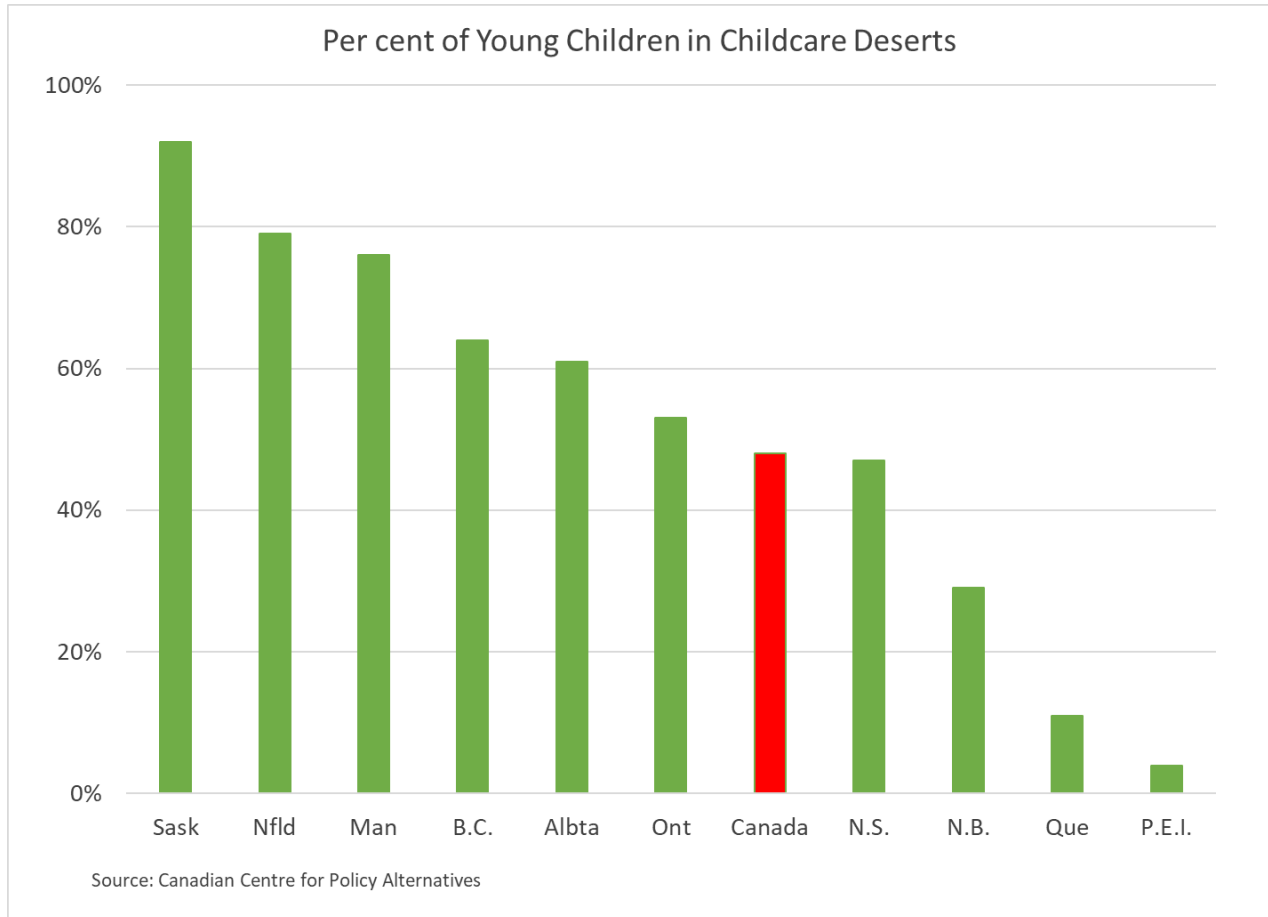
Let us look at the benefits of expanding Pre-K at schools and how such programs may address some of the challenges in creating universal access to early learning and childcare.

1. Schools are in every neighborhood, which can address childcare deserts

Schools already exist in every neighborhood, meaning that expansion of Pre-K at schools can ensure daytime access to ELCC. This addresses a key challenge that Canada's rural population may not have adequate demand to make licensed care viable. A report by the Canadian Centre for Policy Alternatives looked at the availability of childcare spaces by postal code. It found that there were an estimated 759,000 full-time licensed spaces for the 1.97 million young children that might be enrolled in 2023. Importantly, it found that 48 per cent of those children were in postal codes where there were more than three children for each available space – which it referred to as childcare deserts.¹¹ The lack of supply reflects many factors, including Canada's historical underinvestment in early learning and childcare and the excessive cost of ELCC before the CWELCC. However, it also reflects the reality that Canada has many rural communities where it is not attractive, or at times viable, to operate childcare centres.

School-operated early learning programs can be part of the solution to this “desert” problem, as primary schools are widespread in low population areas. For example, when the Northwest Territories introduced junior kindergarten (i.e. Pre-K) in 2017, the sparse population meant that there were not enough kids for classes of only age 4. Many small communities had few eligible children. Accordingly, the age 4 kids were successfully integrated into existing kindergarten/Grade 1 classes.

¹¹ Macdonald, David and Martha Friendly, “Not done yet \$10-a-day child care requires addressing Canada's child care deserts,” 2023.



2. Schools maximize inclusivity and diversity that boosts impact of ELCC expansion

Pre-K programs in public schools maximize inclusivity and diversity. A key strength of Canada's public education system is that it is available to all children regardless of ethnicity, gender, faith, developmental need or family income level or status. Public schools cannot turn children away. Licensed childcare centres do so for a variety of reasons. For example, one third of Toronto's more than 1000 childcare centres do not have a purchase of service agreement with the city, meaning they do not take subsidized families, which limits enrollment of children from low-income households.

Early education programs delivered by schools have the advantage of near universal enrollment. This is partly because there is no fee, but it also reflects the fact that parents view kindergarten as part of the education system. To illustrate, Ontario's two-year kindergarten program enjoys 90 per cent enrollment of children age 5 and 87 per cent enrollment of children age 4.¹² The average percentage enrolment by jurisdiction across Canada is 95 percent for 5 year-old children and 92 percent for 4 year-old children, in the three jurisdictions where Pre-K, delivered by schools, is universally available.¹³

¹² Akbari, E., K. McCuaig and D. Foster (2020) "Early Childhood Education Report 2020, Toronto, Atkinson Centre, OISE, University of Toronto

¹³ Akbari, E., K. McCuaig and S. Mehta, (forthcoming) "Early Childhood Education Report 2023," Toronto, Atkinson Centre, OISE, University of Toronto

Extending Pre-K at schools to earlier ages can build on the success of the existing kindergarten programs in terms of high enrollment.

Embracing diversity and inclusivity is particularly important given Canada's increasing reliance on immigration for population growth amid an aging domestic population. Newcomers to Canada are increasingly ethnically diverse and the majority are from countries where English or French is not their first language. They face discrimination and other barriers in the labour market (such as poor recognition of education and foreign work experience) that often result in immigrants taking low paid positions, further necessitating that both parents work even if they have young children.

Canada's Indigenous communities have the strongest pace of domestic population growth. Young Indigenous parents face many challenges, which often includes poor education and low labour market income. Many would benefit from access to affordable early learning and childcare for their kids. The provision of culturally appropriate early learning, especially under Canada's commitment to Truth and Reconciliation, is particularly essential. Indigenous leaders and elders must help inform how children from their communities can have equal access to early learning and childcare. Diversity and inclusivity are important beyond just addressing inequality. Academic studies have also shown that classes with children from varying socioeconomic backgrounds boost child development.¹⁴

Low-income new parents are statistically less likely to have their children enrolled in ELCC programs due to inadequate supply at an affordable price. A Statistics Canada survey showed that 45 per cent of low-income families used licensed childcare, compared to 64 per cent of families with higher income in 2019¹⁵. Before the pandemic, the cost of two children in full-time care cost close to 35 per cent of women's median earnings in a two-earner couple in 2019, creating a significant disincentive for young mothers to work.¹⁶

One of the primary rationales of the federal CWELCC funding to achieve \$10 a day childcare is to expand access for disadvantaged children. However, low-income families are less likely to take advantage of even subsidized childcare.¹⁷ Low-income parents have a greater probability of not having paid employment, so a modest fee for childcare can be a problem. Even if they are working, refusing \$10 a day childcare saves a low-income family \$2,520 per child each year. The financial cost can be rebated back to families, but the initial outlay can act as a barrier to enrolling children. There is also the problem that many low-income families do not file income tax and, therefore, do not receive the poverty reduction benefits available, which would include rebating childcare expenses if this approach was taken. Subsidies and tax rebates for low-income families can also come with seemingly complicated applications and filing requirements, which can lead to a default response of opting out of opportunities.

¹⁴ Justice L. M., Y. Petscher, C. Schatschneider, and A. Mashburn, (2011) "Peer Effects in Preschool Classrooms: Is Children's Language Growth Associated with their Classmates' Skills?" *Child Development* 82, no. 6 (2011): pages 1768–77; Mashburn A. J., L. M. Justice, J. T. Downer, and R. C. Pianta, (2009) "Peer Effects on Children's Language Achievement During Pre-K," *Child Development* 80, no. 3: pages 686–701; Zimmer R.W. and E. F. Toma, E. F.(2000) "Peer Effects in Private and Public Schools across Countries," *Journal of Policy Analysis and Management* 19, no. 1: pages 75–92

¹⁵ Findlay, Leanne C., Lan Wei and Rubab Arim, "Patterns of participation in early learning and child care among families with potential socioeconomic disadvantages in Canada," 2021, Statistics Canada, page 6.

¹⁶ OECD, "Is Childcare Affordable," 2020, OECD Policy Brief on Employment, Labour and Social Affairs, page 2.

¹⁷ Arsenault, Garbriel, Olivier Jacques, Antonia Maioni, "What makes Quebec such an outlier on child care?", *Policy Options*, April 24, 2018

The possibility of lower enrollment of disadvantaged children in subsidized ELCC is a fundamental issue because these are the children most at risk. There have been many studies demonstrating that cognitive and social-emotional skills of children vary by the socioeconomic status of families.¹⁸ Disadvantaged children are more likely to have learning, behavioural or speech difficulties. By increasing enrollment and delivering well designed programs, public pre-K school programs can identify developmental challenges early and engage in remediation sooner, thus reducing more expensive special needs education interventions in the primary and secondary education system.^{19,20}

According to the Ontario Ministry of Education, 15 per cent of children in kindergarten to Grade 8 in 2017 were receiving special education, while 12 per cent of children in kindergarten had special needs.²¹ Traditionally, special needs identification and intervention begins once the child enters Grade One. However, Dr David Philpott, a leading Canadian researcher on special education, has argued that this is too late. He has noted that 60 per cent of children having special needs are due to weakness in literacy/numeracy skills, language skills and behavioural problems – all of which are areas that high-quality early programs target. He argues that enrollment in high quality early childhood education programs can lower subsequent enrollment in special education and lessen the intensity of supports for children with identified exceptionalities, optimizing their developmental outcomes.²²

Schools are particularly well placed to deliver special needs intervention. For example, the Education Act in Ontario requires school boards to deliver special needs programs to any identified children. There are efforts to expand resources and support for special needs programming at childcare centres, but this is a more challenging approach than broadening enrollment in school-based Pre-K programs²³. Ideally, school-delivered Pre-K programs should leverage the expertise of special needs primary school teachers, speech language therapists and educational psychologists already working at the same location – but while this is possible, the current reality is that many Pre-K school programs are not fully integrated with primary schools – but unlocking this potential would give schools a significant advantage in child development.

¹⁸ Bradbury, B., M. Corak, J. Waldfogel, and E. Washbrook (2012). *Inequality in early child outcomes*. New York, NY. Russell Sage Foundation.

¹⁹ Melhuish, Barnes et al., “A Study of the Long-Term Influence of Early Childhood Education and Care on the Risk of Developing Special Education Needs,” 2019, *Exceptionality Education International*, Vol. 29, No. 3, page 22

²⁰ The UK Effective Provision of Pre-school Education project in 1997 tracked the performance of children over time up to age 16. Children receiving ECE had higher English and mathematics scores and were more likely to receive better grades than children that did not receive ECE. The performance of children with ECE was also tied to the quality of the ECE program they received. It also showed that early learning programs could reduce the risk of requiring special needs education from 33 per cent to 20 per cent. Higher quality early learning programs allowed for quicker identification of special education needs, thus permitting prompter intervention that increased the odds of overcoming a development challenge at a lower cost. A 2019 UK study found that children that experienced high quality ECE programs had a 40 to 60 per cent lower risk of requiring cognitive special needs education later in school, while there was a reduction of 10 to 30 per cent in social-emotional special needs education. See Melhuish, Barnes, Taggart, et al., “A Study of the Long-Term Influence of Early Childhood Education and Care on the Risk of Developing Special Education Needs,” 2019, *Exceptionality Education International*, Vol. 29, No. 3

²¹ Cleveland, Gordon., “Ontario’s Kindergarten Program A Success Story”, 2021, *Elementary Teachers Federation of Ontario*, page 23.

²² Philpott, D., Young, G. et al., “*The Preemptive Nature of Quality Early Child Education on Special Educational Needs in Children*,” 2019, Memorial University of Newfoundland.

²³ Researcher Kerry McCuaig has noted that parents have legislated recourse to ensure their child is adequately accommodated in school. Only two provinces (PEI, MB) require childcare programs to accept special needs children but nowhere do parents/children have the right to adequate accommodation once enrolled.

It is worth stressing that special needs education costs the Canadian primary and secondary education system billions of dollars every year. Effective expansion of identification and interventions through early learning could save the education system significant money and reduce the additional fiscal burden of long-term reliance on social programs by development challenged individuals. It is almost always the case that addressing a development problem earlier in life is easier and less costly than later in life.

Cost of Provincial Special Needs Education (2019)			
Province	Total Count of K-12 Students	Cost of Special Needs Education	Cost per Student
British Columbia	663,208	\$1.6 billion	\$2,487
Nova Scotia	121,600	\$260 million	\$2,140
Newfoundland and Labrador	63,570	\$130 million	\$2,051

Source: Deloitte, Early Learning and Childcare as Key Economic Infrastructure, 2021

3. Schools can provide a continuum of learning

The goal of early childhood education programs is to foster skills and emotional development in children, one of the benefits of which is better preparation for entry into the primary education system.

Pre-K programs at schools have the advantage that they can be designed to provide a continuum of learning so that the transition from early years education to kindergarten, and on to Grade One is less of a shock. This reduces stress on children and lessens developmental or learning challenges. Schools still need to do a better job on this front, but having early learning programs housed in a single system that is being operated with a common goal provides the scope for greater alignment in child education than shifts from non-school to school education.

There is, however, an important caveat. While the curricula in pre-primary public education can be aligned closely with the requirements of the primary education system, early years programs need to avoid becoming ‘schoolified’. The notion of ‘schoolification’ is when early education adopts the practices more typical of primary school, such as: less emphasis on play, more focus on academic content, lower teacher-pupil ratios. Schoolification can also capture the risk of early learning curricula that ‘teach to the test’ exclusively on the skills that primary education prioritizes, rather than providing broad skills development.

To avoid schoolification, one needs to acknowledge that the pedagogy of early learning is different than that of primary education and this distinction must be reflected in the programs. Investments in high-quality early learning programs can create smooth transitions between the various stages of early education are key for children’s long-term learning and development. The OECD Starting Strong 2017 study states “Quality transitions that are well-prepared and child-centered, managed by qualified educators collaborating with one another, and guided by an appropriate and aligned curriculum, enhance the likelihood that the positive impacts of early learning and care will last through primary school and beyond.”²⁴

Research by the Organization for Economic Cooperation and Development (OECD) and a host of academic studies have demonstrated that the quality of early education programs matter greatly in terms of boosting child development. In fact, poor quality programs not only fail to

²⁴ OECD, “Starting Strong V: Transitions from Early Childhood Education and Care to Primary Education,” 2017, OECD. Page 19.

deliver positive returns on the investment in early learning, but they can create or add to development challenges for some children.²⁵

There is evidence that non-profit and public delivery of early learning and childcare is more likely to be of high quality. For example, between 1997 and 2010, there was rapid expansion of early education and care services in England and the Childcare Act of 2006 obliged local governments to improve early learning outcomes for disadvantaged children. The focus was on expansion of private for-profit providers of early learning and childcare, which grew by 70 per cent from 2002 to 2010 with many nursery chain businesses. However, “Evaluation of the UK initiative, Effective Provision of Preschool Education (EPPE) revealed that outcomes for children attending private day nurseries were lower than for children attending other service types. A report on childcare quality in the Millennium Cohort Study (a multidisciplinary research project following the lives of 19,000 children born in the UK in 2000/2001) showed that services maintained by local area authorities (i.e. public) offered ‘higher quality provision in almost all dimensions measured.’”²⁶

In the 1970s and 1980s, Australia’s childcare was primarily delivered by non-profit enterprises, but the government elected to expand supply in the 1990s by extending fee subsidies to for-profit firms. Supply increased dramatically, with market forces creating significant investment with several early learning and childcare companies becoming listed on the stock exchange. At the same time, the corporate market share increased significantly as firms bought out independent and smaller chains. A 2005 survey was conducted of staff in Australian early learning and childcare centres to assess perceptions of quality on a range of dimensions. The findings showed that community-based centres offered the highest quality, followed by independent private centres that had quality of a ‘usually similar’ level – capturing the heterogeneity across the centres. Corporate chains offered the lowest quality. In fact, 21 per cent of childcare providers operating at corporate chains said they would not send their own children to a centre with a similar quality to the one they were working at. Moreover, “the survey suggest that cost containment is a major cause of the lower quality of care reported by staff of corporate chains. Compared with community-based and independent private centres, corporate chain centres appear to have poorer staff-to-child ratios (with implications for the time available for staff to develop relationships with individual children), provide less nutritious food and less of it, and provide less variety of equipment and activities for children.”²⁷

A US study was conducted using surveys of early learning centres in five large locals (Boston, New York City, Seattle, New Jersey and West Virginia) where there had been efforts to assess equity and quality. The central finding was that where there were measurable differences in

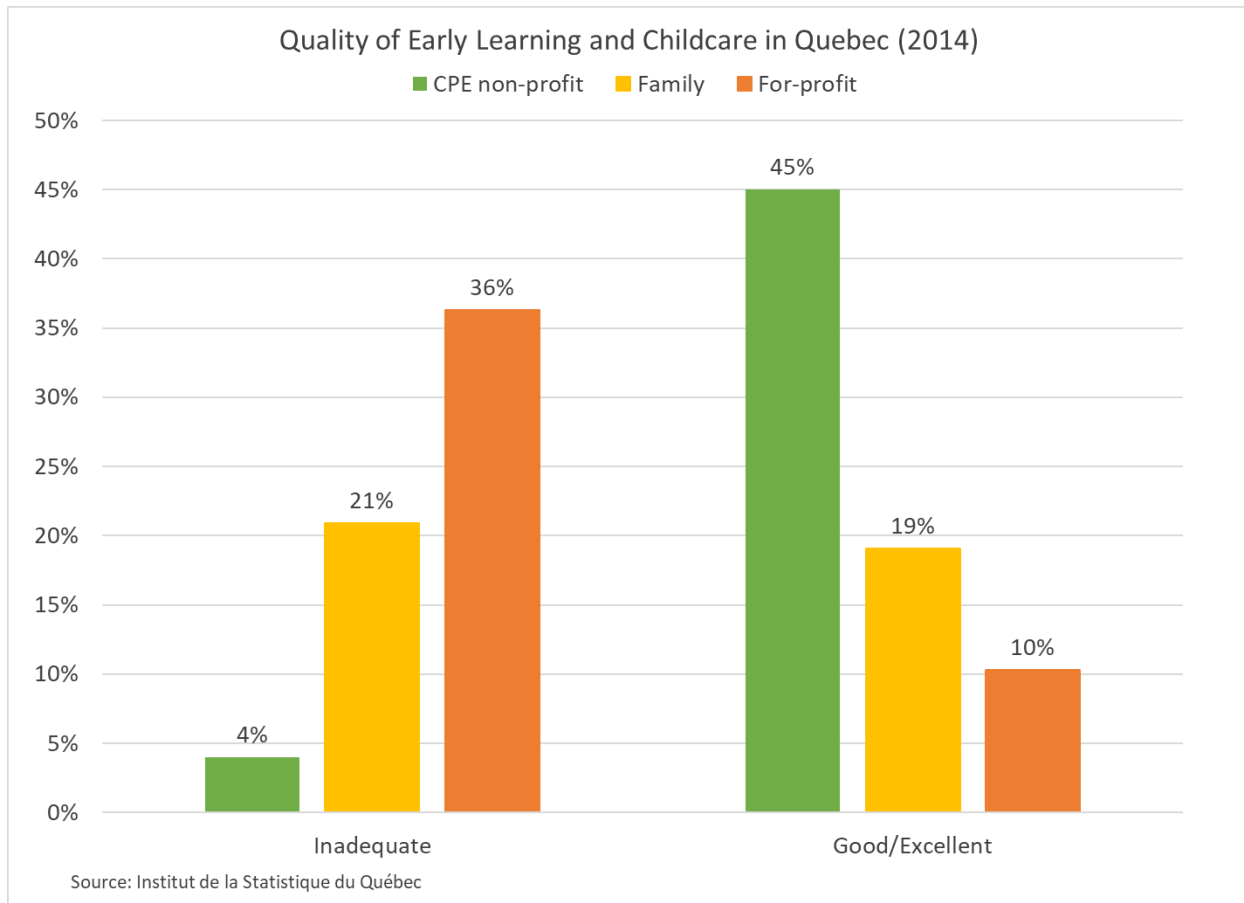
²⁵ There are NBER studies on the impact of subsidized childcare in Quebec that report negative outcomes for children. However, in the opinion of this author, the studies highlight the quality issue, with poor quality programs having detrimental effects, and are not a repudiation of the merits to expansion of high-quality ELCC. See Baker, Michael, Jonathan Gruber, and Kevin Milligan, “Non-cognitive Deficits and Young Adult Outcomes: The Long-run Impacts of a Universal Child Care Program,” September 2015, NBER Working Paper 21571.

²⁶ Brennan, Deborah, Bettina Cass, Susan Himmelweit and Marta Szebehely, “The Marketisation of Care: Rationales and Consequences in Nordic and Liberal Care Regimes,” 2012, *Journal of European Social Policy*, 22(4) pages 377–391.

²⁷ Rush, Emma, “Child Care Quality in Australia,” April 2006, The Australia Institute, Discussion Paper Number 84, page 57.

quality of programs and returns to children, the results tended to favour public school programs.²⁸

Here in Canada, the Quebec experience offers insight on this. Since 1997, Quebec has implemented a universal government subsidized childcare program, which is provided by non-profit centres de la petite enfance (CPEs), family-caregivers and for-profit centres. The market outcome has been that CPEs take in one-third of children in Quebec, while family provided care and for-profit centres take in the remaining two-thirds of students.



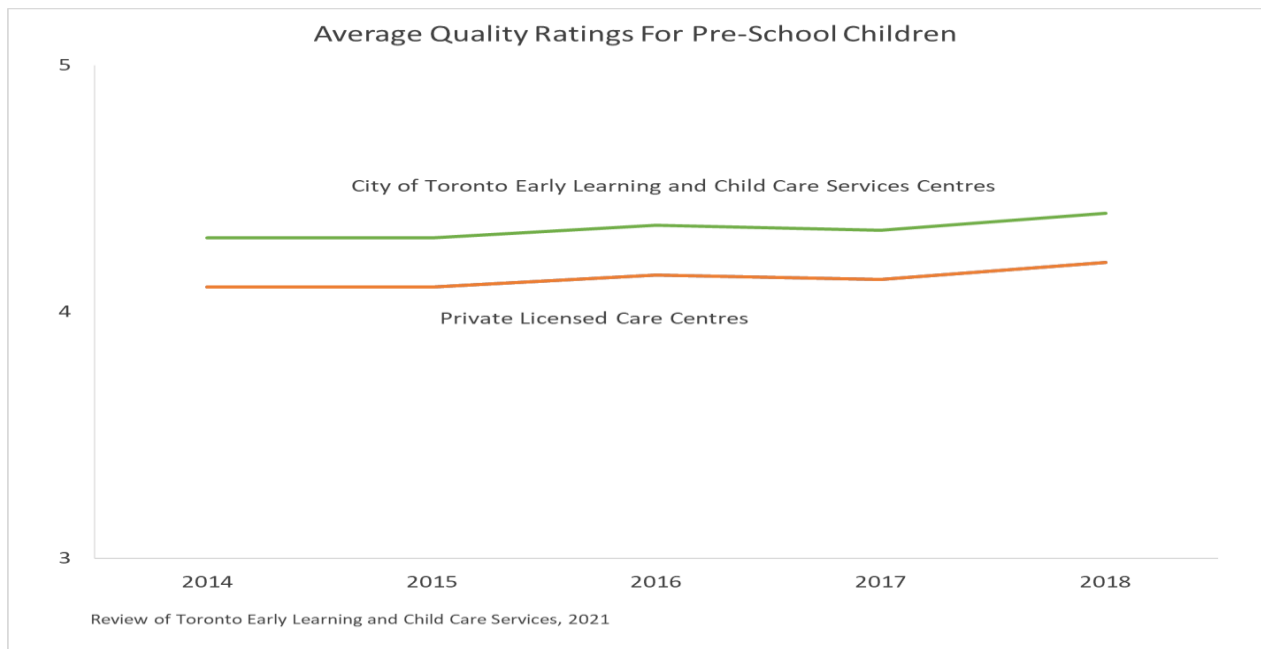
The Institut de la Statistique du Québec has completed surveys assessing quality.²⁹ The evaluation was done based on the structure and process of the programs. Structure encompassed health and safety, physical environment, child-staff ratios and group sizes, teacher qualifications and experience, and competence of management. Process was assessed based on activities, educational program, interactions with children, and interactions with parents.

²⁸ Weiland, Christina et al. "Mixed-Delivery Public Prekindergarten: Differences in Demographics, Quality, and Children's Gains in Community-Based versus Public School Programs across Five Large-scale Systems," Ed Working Paper No. 22-651, National Institute for Early Education Research, Anneberg Brown University.

²⁹ Institut de la Statistique du Québec (2015) *L'Enquête québécoise sur la qualité des services de garde éducatifs 2014*.

The findings were that children who attended CPEs were less likely to have developmental challenges and the benefits were experienced by all children but particularly those from low-income families. CPE attendance removed the cognitive skill lag between children across family income levels at least until Grade 6. The quality of CPE early learning was assessed to be higher. A report found that 45 per cent of CPE centres in 2014 were judged to be good or excellent quality, compared to 19 per cent for family-provided childcare and 19 per cent for for-profit centres. Conversely, 4 per cent of CPEs were found to have inadequate quality, compared to 20 per cent for family-provided care and 36 per cent for for-profit centres.^{30 31}

Another example is from the City of Toronto, which assesses the quality of over 700 licensed early learning and childcare centres. Using the Assessment for Quality Improvement (AQI) that measures quality based on programming, the learning environment, and interactions. On this basis, the mean quality rankings of the City of Toronto operated public early learning centres across each of the categories of infants, toddlers, preschool and kindergarten children were all higher than their non-profit and for-profit private sector peers over the period 2014 to 2018³².



These studies illustrate the issues with applying the competitive market approach to early education:

First, buyers often lack information. Parents may not be able to screen and pre-judge the quality of the early learning being delivered. Parents may also be unaware of the merits of one curriculum over another. Some will not make the effort to assess quality, particularly given the hectic, time-constrained lives they lead and the frantic search for available space. In some

³⁰ Fortin, Pierre, "Quebec Childcare: An Economist's View," 2022, Presentation to US Visitors (unpublished).

³¹ Fournier, Claire, and Carl Drouin, "Educational Quality in Childcare Centre Daycares (Installations de CPE)," 2004, Institute de la Statistique du Quebec, Government of Quebec.

³² McCuaig, K., E. Akbari, J. Bertrand, and E. Dhuey, "Review of Toronto Early Learning and Child Care Services: Their Unique Contribution to Toronto's Equity, Inclusion and Poverty Reduction Goals," March 2021, City of Toronto., page 51.

cases, parents will gauge quality based on price alone (i.e., higher priced programs must be better quality), and this can reduce the market efficiency incentive.

Second, market supply close to where families live may be limited or there can be costs of changing child enrollment. If so, parents will be forced to accept the quality of the early learning program available, or affordable, to them. This means that the outcome is not determined by the competitive market. It is like a monopoly situation or (if there are only a couple of childcare options) an oligopoly. Economic theory shows that monopolies or oligopolies can charge higher prices and/or deliver lower quality to buyers.

Third, as we have discussed earlier, profit motives crowd out quality. Examples include hiring less experienced or qualified teachers to reduce payroll expenses, providing lower valued food and/or reducing materials and activities in order to reduce costs and increase profits. Another related example is that the profit opportunity can be attractive to investors who have little appreciation for quality – they want a steady revenue source. An example is investors buying real estate used by early learning and childcare centres and then increasing the rents, in some cases to take advantage of government subsidies to the ELCC sector.³³

Fourth, the profit motive creates the requirement of a short-term return to shareholders that can lead to short-term planning and decision making that is weak or incomplete for long-term goals. This adds instability to programs and places educators, families and children in vulnerable positions.

Finally, it has to be stressed that the quality of for-profit ELCC centres is very heterogeneous. There are many outstanding, high-quality centres that successfully balance the need to have a financial return with the best possible outcomes for the children in their care. The challenge is that there are also other for-profit centres that are of poorer quality.

Nevertheless, the bottom line is that public schools have a single mandate – providing the best possible education to the children in care, and with the added benefit of a greater continuum of learning.

4. Schools attract and retain high-quality early childhood educators.

Two major challenges in the ELCC sector in Canada are inadequate supply of accredited and experienced ECEs and high staff turnover that sees many educators leave the sector.

A 2022 Atkinson Centre report highlighted the human capital challenges in the ECE workforce. The median hourly wage for staff working in licensed childcare was \$20 in 2021, and one-third had no health benefits, while 41 per cent had no personal leave and 82 per cent did not have a pension or access to employer RRSPs.³⁴

The report noted that 44 per cent of the 58,867 ECEs registered with Ontario's College of Early Childhood Educators did not work in the licensed childcare. This represents a huge pool of trained educators that might be attracted to return to the sector if pay and benefits were more

³³ Schlesinger, Larry, "Childcare centre landlord lifts payout as inflation boosts rents," 2022, Financial Review.

³⁴ McCuaig K., E. Akbari, and A. Correia, "Canada's Children Need a Professional Early Childhood Education Workforce," April 2022. Atkinson Centre for Society and Child Development, Ontario Institute for Studies in Education, University of Toronto. Page 3.

attractive. Among ECEs who resigned their positions, the majority sought employment outside of licenced childcare.

The vast majority (97 per cent) of ECEs are women. The economy-wide gender wage gap between men and women is well documented. It comes as no surprise, therefore, that female ECEs are paid well below that of men with a similar education because of gender discrimination. However, ECEs are also paid significantly less than occupations in female-dominated industries with similar education requirements.

In December 2022, Dr. Gordon Cleveland wrote a note on the childcarepolicy.net website entitled, “Are the Wages of Early Childhood Educators Competitive with Other Occupations?” From data on Government of Canada Job Bank, he observed that Early Childhood Educators and Assistants had job postings with an average hourly wage of \$20.88 per hour. This was 89 per cent less than dental hygienists, 50 per cent less than paralegals and executive assistants, 37 per cent less than instructors of persons with disabilities, 35 per cent less than nurses, and 21 per cent less than social workers. ECEs were also paid less than administrative assistants.

Dr Cleveland concluded that the wages paid to ECEs and assistants had compensation, “similar to the wages paid for occupations requiring only a high school education or on-the-job training. Even here, many of the other occupations are paid better than childcare workers.”³⁵

The compensation of ECEs varies greatly across types of centres. To illustrate, before the additional funding through the CWELCC, a survey of 600 centres with contracts with the City of Toronto found that the average salary of public sector early childhood educators in 2018 was over \$60,000 per annum, compared to around \$40,000 at private licenced childcare centres.^{36,37} The pay for assistant ECEs was lower, at around \$42,000 at public centres compared to close to \$28,000 at private licenced centres.

Looking at job postings at the time of writing this report in early 2023, wages for early educators at school board operated Kindergarten and Pre-K programs were roughly \$29 to \$35 an hour, well above the \$20.88 an hour for similar job postings in the Government of Canada Job Bank.

It is evident from the data that higher compensation is key to improving job tenure and reducing staff turnover. The average job tenure of childcare workers across Canada had increased from 3.7 years in 1999 to 7 years in 2019, partly reflecting legislated pay increases in several provinces. But public childcare centres in Toronto in 2018 had average job tenure of 11 years for childcare aides and average job tenure of 16 years for ECEs.³⁸

³⁵ Gord Cleveland, “Are the Wages of Early Childhood Educators Competitive with Other Occupations?” December 14, 2022, Childcarepolicy.net.

³⁶ McCuaig K., E. Akbari and A. Correia, “Canada’s Children Need a Professional Early Childhood Education Workforce,” April 2022. Atkinson Centre for Society and Child Development, Ontario Institute for Studies in Education, University of Toronto, page 18

³⁷ It should be noted that these incomes are higher than the prior mentioned Statistics Canada national averages likely reflecting the higher cost of living in Toronto being factored into wages.

³⁸ McCuaig, K., E. Akbari, J. Bertrand, and E. Dhuey, “Review of Toronto Early Learning and Child Care Services: Their Unique Contribution to Toronto’s Equity, Inclusion and Poverty Reduction Goals,” March 2021, City of Toronto,, page 45

The higher compensation in public programs reflects the unionized status of ECEs. Public sector ECEs are fully unionized. In Toronto, only around 21 per cent of positions at non-profit licensed childcare centres were unionized compared to 1 per cent in for-profit centres.³⁹

In the opinion of this author, the low compensation and lack of benefits at many licensed childcare centres represents a market failure. The root cause is the continued willingness of young women to pursue early childhood education training and then initially work as ECEs because they love children and want to work with children. This raises enrollment in early childhood education college programs and temporarily increases ECE labour supply despite often low remuneration when initially entering the labour market. But after working in the industry for just a few years, many ECEs leave the sector to secure a better standard of living for themselves and their family. This suggests that early educators need some additional bargaining power beyond what the labour market is providing.

Low private sector compensation also creates a mental image of early childhood education work as simply a job, like in front-line retail, rather than profession or a career. This fundamentally contrasts with schoolteachers, who view their work as a vocation or career. It is a vocation because their compensation provides a livable wage and shows that their positions are valued by society. School teachers also have health and pension benefits. They also don't have to clean out washrooms or do non-education administrative duties, because there are other school staff to do that work.

Put simply, higher compensation is required to increase the supply of early educators to meet the labour demand from expanding early learning and childcare to be universal. Good wages and benefits are also required for a high-quality early learning system. A host of academic studies have shown that ECEs with higher education credentials correlate with higher quality early education programs. ECEs at school-delivered Pre-K benefit from higher compensation, better employment benefits as well as greater scope to do continuing skills development. The ability to draw on school resources also means that their time can be focused on educating. This makes employment at schools attractive, improves retention and creates the right environment for high quality program delivery. Schools aren't perfect. For example, the income gap between teachers and ECEs is still too large. Similarly, there is greater scope to integrate early learning programs into school infrastructure, as they are often treated in silos. Regardless, the expansion of Pre-K at schools can increase the average total income gap between teachers and ECEs is still too large. Similarly, there is greater scope to integrate early learning programs into school infrastructure, as they are often treated in silos. Regardless, the expansion of Pre-K at schools can increase the average total compensation of ECEs as well as create more competition for talent with the private sector, which can, in turn, raise compensation and benefits at licensed care centres. This will make it more attractive to pursue ECE education and retain talent in the childcare sector.

³⁹ McCuaig, K., E. Akbari, J. Bertrand, and E. Dhuey, "Review of Toronto Early Learning and Child Care Services: Their Unique Contribution to Toronto's Equity, Inclusion and Poverty Reduction Goals," March 2021, City of Toronto, page 40.

Appendix 1 to this paper is a discussion of the return on investment on public funding of ELCC, including the impact of higher labour costs for unionized school-based educators. The main message is that even with higher labour costs, investment in school-based early education would still provide a very high rate of return.

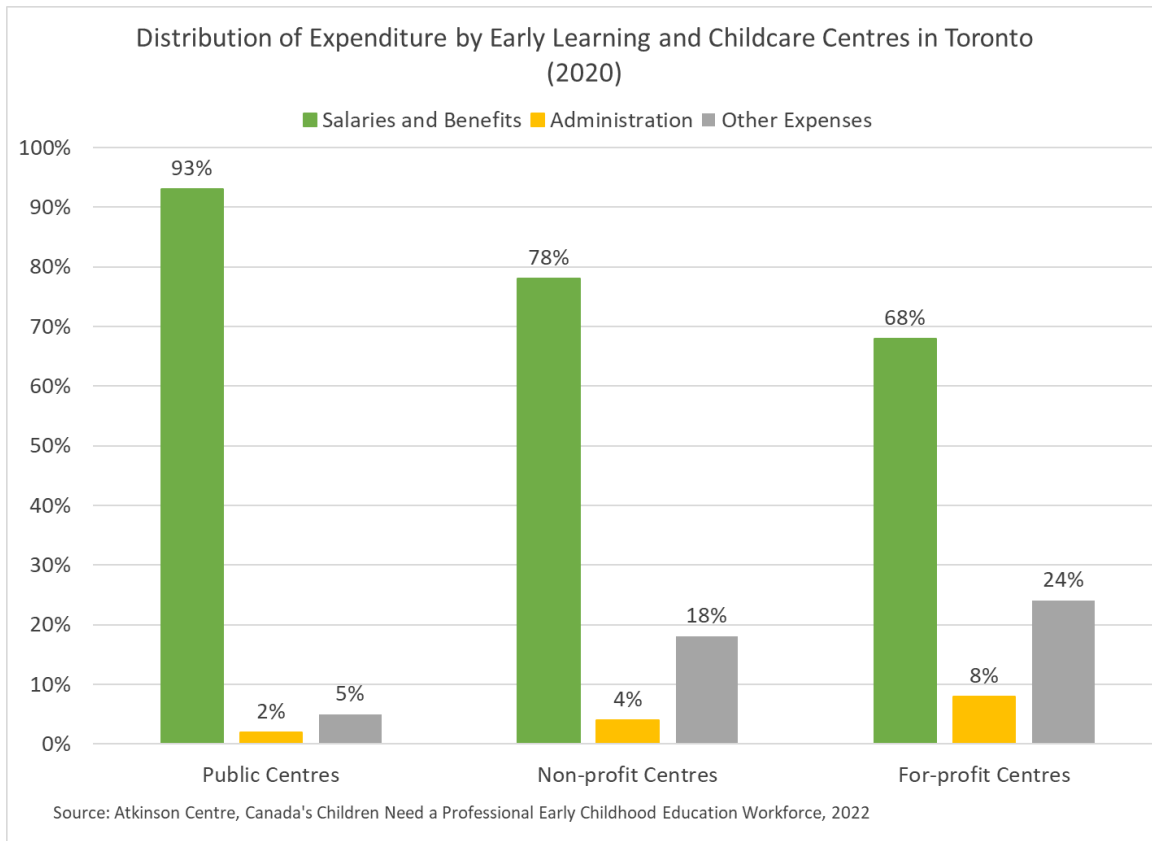
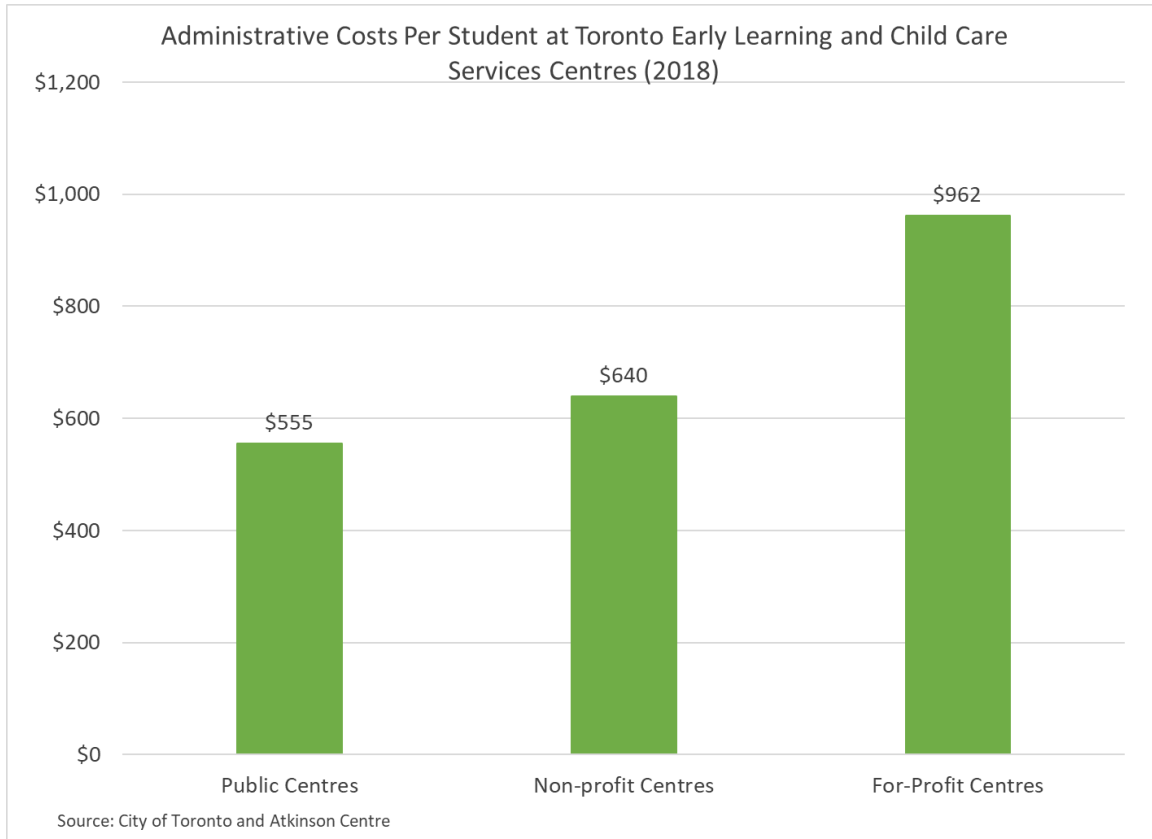
5. Cost savings through economies of scale of the public sector

While labour costs at school-delivered Pre-K programs will be higher than at licensed childcare alternatives, there are cost savings from access to public sector economies of scale. Early learning programs delivered by schools can receive support from school councils, principals, janitors, secretaries, counsellors, educational psychologists, speech language pathologists, and special education teachers. This ideal has yet to be fully realized because many school boards and schools treat their Pre-K programs as independent silos, but the potential gains could, and should, be realized with time.

The economies of scale arise because the public sector can negotiate lower prices from suppliers of food, toys and other goods and services. To illustrate, Toronto public childcare centres in 2018 had an administrative cost of \$555 per child in 2018, compared to \$640 at non-profit and \$962 at for-profit centres.⁴⁰ Expenditures – excluding salary, benefits, and administration – were \$1,637 per child at public centres, compared to \$2,041 at non-profits and \$3,663 at for-profit centres. Note that the higher expenditures per child at for-profit centres stand at odds with the assumption that market forces would motivate efficiencies creating lower expenses and the greater expenses are producing higher quality programming.

School-based Pre-K programs have the advantage of being able to leverage school infrastructure, such as school yards, gyms, libraries, cafeterias. There is also scope to use school janitorial services or school administrators. By extending Pre-K to early ages, new school construction can be done with dedicated early learning centres within their structures. Some older schools may not have the capacity to host early learning centres, but some can accommodate through changes in resource allocation or the use of temporary structures for older students.

⁴⁰ McCuaig, K., E. Akbari, J. Bertrand, and E. Dhuey, "Review of Toronto Early Learning and Child Care Services: Their Unique Contribution to Toronto's Equity, Inclusion and Poverty Reduction Goals," March 2021, City of Toronto, page 44.



6. Strong governance and political accountability for outcomes and taxpayer dollars

Schools benefit from strong governance and data collection/impact testing on school performance is more straight forward than at licensed care centres.

Provinces have a clear and publicly understood responsibility for education policy. Parents will hold governments accountable if their children do not have good education and care outcomes when in the public education system. Parents' ability to respond to concerns about the quality of programs in the private sector is illustrated by their outcry following the recent e-coli outbreak in Calgary childcare centres and their calls for greater oversight.⁴¹ While provincial and territorial governments have taken increasing responsibility for ELCC, the accountability to the public on childcare outcomes is not as strong as the public school system.

Given the large-scale financing for ELCC being provided by governments, it will be important to monitor and assess the impact of early learning programs to maximize returns and to justify the use of taxpayer dollars. Surveying licensed childcare centres is challenging given the vast number providers and the limited scope to mandate or enforce the collection of data.

Pre-K school-delivered programs have the advantage of being viewed by the public as being integral to the education system. Canadians view the public education system favourably. Parents often champion teachers. School-delivered Pre-K has the benefit of being perceived by Canadians as early learning programs rather than simply childcare. There is no public debate about the merits of government funding for education – in contrast to the current partisan political debates about government funding for childcare.

7. Reduced risk of sustained disruptions in childcare supply

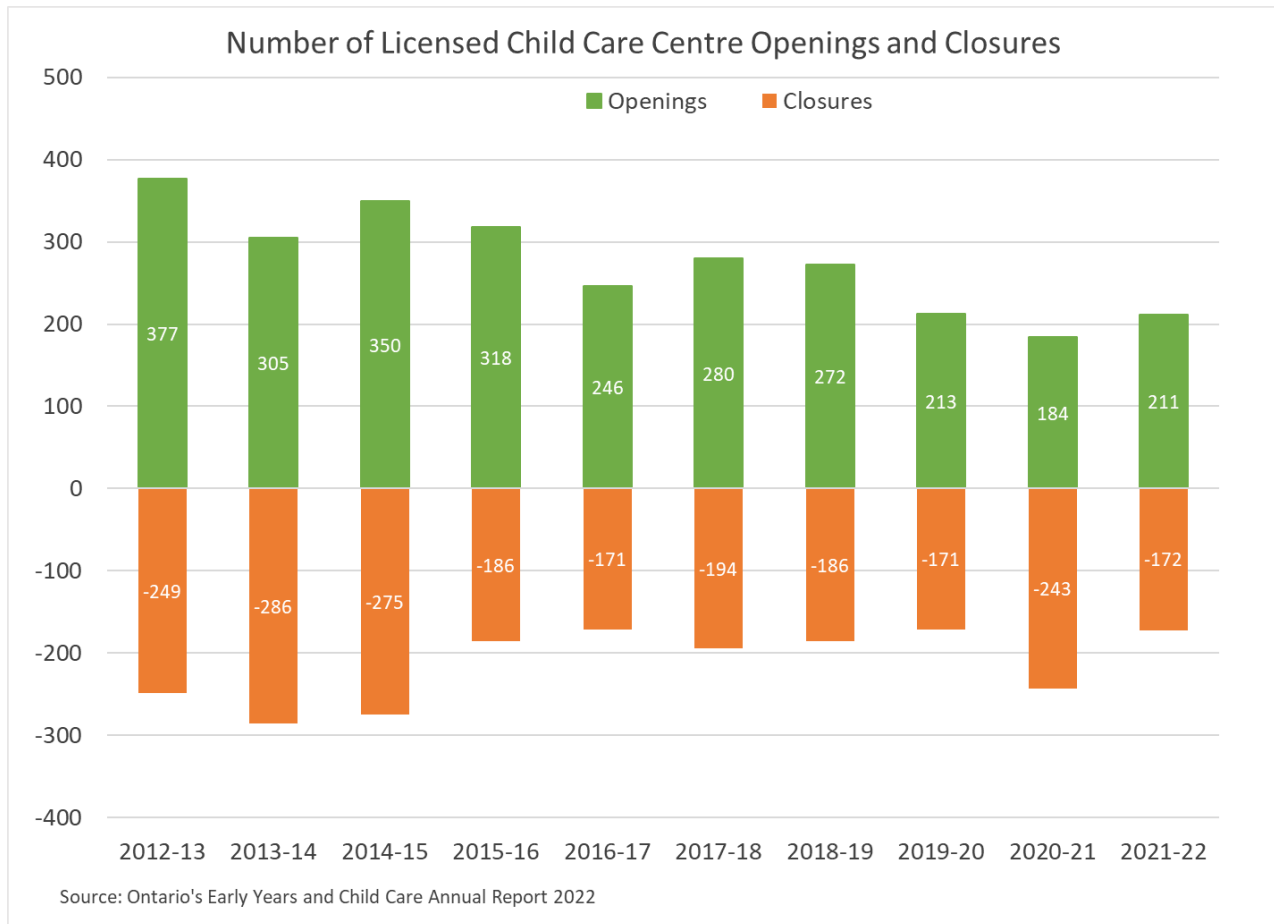
A key challenge with licensed childcare is that the institutions must remain financially viable. Childcare providers must take in revenues from parents and governments that are adequate to cover operating expenses and fixed costs. In the case of for-profit centres, revenues must exceed costs sufficiently to provide an adequate return on investment. However, centres can fail due to poor management decisions or rising cost structures. The story of the boom-bust of ABC Developmental Learning Centres – once the world's largest provider of early learning and childcare – is a case in point.⁴²

There is regular churn in the supply of licensed childcare. For example, 211 new licensed childcare centres opened in Ontario in 2021-22 but 172 closed. Economic cycles and crises can

⁴¹ CTV News September 14, 2023 Calgary Parents Demand Apology Refunds From Company Connected to E-Coli Outbreak <https://calgary.ctvnews.ca/calgary-parents-demand-apology-refunds-from-company-connected-to-e-coli-outbreak-1.6561931>

⁴² ABC Developmental Learning Centres was founded in 1988 as a for-profit business. It expanded rapidly during the marketization of childcare in Australia, supported by government subsidies through demand-side transfers to parents. This increase in funding created powerful profit opportunities. ABC also expanded internationally in New Zealand, United States, and the United Kingdom. It entered Canada in 2007. As a big-box highly profitable company, it expanded through acquisitions. It became listed on the stock market and ABC had revenues of \$292.7 million and profits of \$52.3 million in 2004. However, it took on too much debt and its subsequent failure saw it enter voluntary liquidation in 2008. ABC's boom-bust experience highlights the risks of big box childcare. When a large retailer fails, customers shift their spending to other vendors. However, when a childcare provider fails, it creates enormous stress on parents and can be disruptive to children. ABC had become 'too big to fail' for the childcare sector and ultimately the Australian government had to take action to help manage the problem.

also impact private sector supply. In 2020-21, 184 centres opened in Ontario, while 243 closed⁴³.



When childcare firms close, it can be highly stressful for parents and disruptive to children as there is a scramble to ensure another spot or during the transition to another owner of the centre.

There is also the risk that the new funding through the federal CWELCC will not be maintained after the five-year commitment and there is the question of what provinces will do in terms of filling any shortfall if federal funding is inadequate. Childcare centres may need to draw upon their financial reserves funds if government funding is insufficient or disrupted, which would be a major challenge to for-profit centres, but this could be even more challenging for non-profit centres that lack the prior financial surpluses of for-profit centres to draw upon.

The extension of Pre-K school programs avoids the risk of financial failure and sustained disruption to supply. Yes, the expansion of education to earlier ages will come with a substantial price tag that could necessitate additional government borrowing or higher taxes, but government expenditure on education is broadly supported by the public, who are the taxpayers. This contrasts with government subsidies of childcare that are a source of political and public debate.

⁴³ <https://www.ontario.ca/page/ontarios-early-years-and-child-care-annual-report-2022>

School-delivered childcare can be disrupted by teacher strikes, but they tend to be short-lived, and parents understand and manage during such disruptions, even often supporting teachers during strikes. Employers are frequently sympathetic to the plight of parents during highly publicized teacher strikes and employers are often accommodating to parent requests for greater work flexibility during periodic teacher strikes.

In the rare case of a school closure, the education system relocates children to ensure continued access. Expansion of Pre-K at schools also removes the risk of a disruption to childcare subsidies due to a change in federal policy from a change in government or change in government priorities.

Conclusion

This paper has highlighted the benefits of expanding school-based early learning, but it should be stressed that these potential gains must be realized during implementation. As mentioned earlier, some school boards treat early learning programs at their schools like tenants and limit the interactions between the primary school and the Pre-K program. This reduces the benefits from areas like continuity of learning or the potential economies of scale that come from housing the Pre-K program in an aligned education system. Increasing the integration of school-delivered Pre-K programs within primary schools also likely requires Pre-K leadership training for principals and vice principals.⁴⁴ The implication is that it still takes effort, funds, and the willingness to make changes to fully unlock the benefits of school-delivered early learning. Given the existing provincial plans to expand school delivered Pre-K programs, this greater alignment and integration will likely come with time, but it can be accelerated by embracing the possibilities sooner.

The expansion of school-delivered Pre-K to earlier ages, as well as expanding before- and after-school programs, should be a major component of a strategy to deliver universal, affordable early learning and childcare. High quality programs based on play-based curriculums delivered by well-paid, accredited ECEs with strong governance and accountability maximize the benefits to parents and children. It also targets disadvantaged children, boosting their enrolment and creating the best environments to identify learning challenges early in life – reducing the need and cost of subsequent interventions through special needs education. Expansion of Pre-K at schools also aligns with the fundamental premise that early learning and childcare is about starting education sooner, which is supported by the neuroscience of brain development. The seven benefits presented in this paper capture the evidence on why provinces introduced kindergarten to schools in the first place and why Canada would benefit from continuing with this success by extending Pre-K to younger ages and increasing the hours in early learning. It would also be beneficial to change the public discourse from one that often focuses on care of children to one that focuses more on early education while in care, which the country decided long ago was best delivered through public schools. Kindergarten and Grade One are seen as education. It is also childcare. Pre-K school programs need to be viewed the same way.

⁴⁴ Little, Michael, Timothy Drake, Lora Cohen-Vogel and Jesscia Eagle. (2022) “When School Doesn’t Start at Age 5: Elementary Principal Leadership of Pre-K Programs in Schools,” *Elementary School Journal*, Vol. 123:1, The University of Chicago Press, Chicago.

Appendix 1: Economic Benefits Support Case for Government Financial Support

One pushback against increased public sector provision of early learning and childcare, including school-based Pre-K, is that it is more expensive than private sector provision. The higher cost is evident in the available data. In Toronto, the average cost per child at public early learning centres in 2018 was \$26,360, compared to \$13,544 at for-profit centres and \$10,859 at non-profit centres⁴⁵. Administration and non-employee expenditures were actually lower at public centres. So, the greater cost is entirely due to the higher salaries and benefits of unionized early educators. It should be noted that the higher public centre cost in Toronto is also overstated because the public centres have greater enrollment of younger-aged children, which have lower teacher-child ratios that increase the cost per child significantly. So, the comparison is a bit of an apple to oranges. Adjusting for child age would reduce the gap between public and private cost, but the public sector would still be more expensive. However, the higher compensation improves the hiring and retention of early educators, which is key to the quality of early learning programs.

It is worth noting, however, that the cost of government subsidies to licensed care to achieve \$10 a day care cost to parents is high and the cost to provide early learning through the public sector may be no more expensive, or only moderately more expensive, than the combined cost of subsidizing private early learning and childcare and then having parents pay around \$10 a day.

As an illustration, the cost of government spending on kindergarten ranges from \$5,378 per space in Saskatchewan to \$15,561 in Ontario, with a provincial average of \$10,201⁴⁶. The range in provincial kindergarten costs reflects differences in the kindergarten programs, such as part-day versus full-day and the ratio of teachers to pupils. The provincial average per space cost of kindergarten is very close to the \$10,980 per space subsidies that the Quebec government pays. A key limitation of this comparison is that kindergarten is only for 180 school days compared to 251 days for childcare.

A better comparison is that Quebec's CPE non-profit childcare centres get a subsidy of \$10,980 per space annually and then receive around \$2,096 per space from parents, for a total of \$13,076 per space. Quebec kindergarten costs \$8,551 per space plus \$1,530 per day for before and after school care, for a total of \$10,081. If we gross up the cost for kindergarten to the equivalent for 251 days, the price tag rises by 39.4 per cent to \$14,057 per space. Therefore, the difference between the cost of Quebec subsidies for CPEs and parent payments and the cost of kindergarten is around \$981 per space. From a government perspective, the fiscal cost of full public provision would be \$981 plus the payment made by parents of \$2,096 – so \$3,077 per space.

There are issues with this calculation because the cost of pre-primary education should be higher than kindergarten because it is more expensive to provide early education and childcare to children of younger ages. The biggest component of this higher cost is a lower child per

⁴⁵ McCuaig, K., E. Akbari, J. Bertrand, and E. Dhuey, "Review of Toronto Early Learning and Child Care Services: Their Unique Contribution to Toronto's Equity, Inclusion and Poverty Reduction Goals," March 2021, City of Toronto, page 44.

⁴⁶ Akbari, Emis, Kerry McCuaig, and Daniel Foster, "Early Childhood Education Report 2020," 2020, Atkinson Centre, University of Toronto.

teacher ratio. But, the comparisons above should drive home the point that the cost of public provision might only be moderately more expensive.

Another way of looking at the benefit and costs is to evaluate the policy options based on the return on investment.

Many academic studies demonstrate the scope for higher labour force participation by mothers through increased access to childcare. Several include quantitative estimates of the impact of Quebec's expansion of low-fee childcare, and all found a causal increase in the employment of mothers. Dr. Pierre Fortin, Professor of Economics at the Université du Québec à Montréal estimated that there were roughly 70,000, or 3.8 per cent, more women in the labour market in 2008 than there would have been without the expansion of childcare⁴⁷. A Deloitte study in 2021 found that a replication of the Quebec experience in the rest of Canada would lead to between 89,000 to 300,000 women being added to the Canadian workforce⁴⁸. Some studies have found that the increase in female labour participation from an increase in childcare extends beyond the years that children are in preschool.⁴⁹ Childcare can also lead to reduced stress for parents, which can increase labour productivity.

Greater labour market engagement raises household income. Since lower-income families have more difficulty affording childcare, an increase in low-fee childcare can help to reduce poverty and reduce income inequality. For example, 43 per cent of families with mothers outside of the labour market in 2017 had an income below \$36,000. Modeling the impact of higher labour force participation and the impact on family income, a Conference Board of Canada report in 2017 estimated that the implementation of universal affordable ELCC could reduce income equality between families with children⁵⁰.

The evaluation of the economic benefits from expansion in early learning and childcare has led to estimates over the return on public investment. These benefit-cost modeling exercises have concluded that for every dollar invested, there is a return of between 1.6 to 5.8 dollars – depending on the assumptions used. The median estimate is a return of \$2 per \$1 of investment. Dr. Pierre Fortin also estimated the tax revenues generated by Quebec's expansion of ELCC and found that Canadian governments received \$1.7 in revenues for each fiscal dollar spent on Quebec ELCC⁵¹.

In the report, "Ready for Life: A Socio-Economic Analysis of Early Childhood Education and Care" by the Conference Board of Canada, the economists acknowledged the need to improve quality and reduce turnover of staff and increase recruitment of early childhood educators to maximize benefit. One of the assumptions made in modeling the cost-benefit calculation was an increase in ECE compensation to 60 per cent of that of teachers – which is well above the ratio today in most provinces outside of Quebec. It was also assumed that the expansion of ECE

⁴⁷ Fortin, Pierre and Luc Godbout, Suzie St-Cerny, "Impact of Quebec's Universal Low-Fee Childcare Program on Female Labour Participation, Domestic Income, and Government Budgets," University of Toronto, page 1.

⁴⁸ Alexander et al., "Early Learning and Childcare as a Key Economic Infrastructure," 2021, Deloitte LLP, page 9.

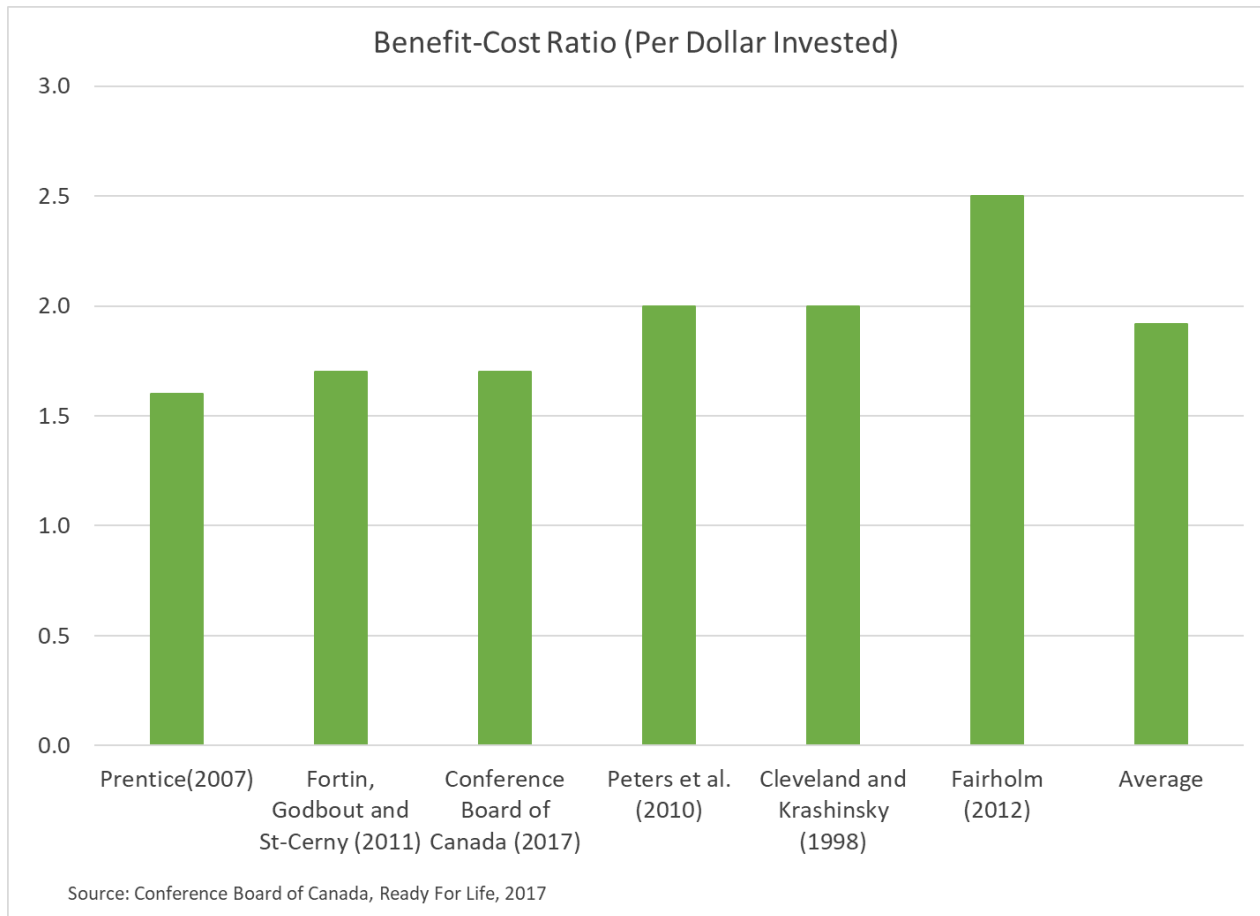
⁴⁹ Lefebvre, Pierre, Philip Merrigan and Matthieu Verstraete, "Dynamic labour supply effects of childcare subsidies: Evidence from a Canadian natural experiment on low-fee universal child care." *Labour Economics*, vol 16, no. 5, 2009, pages 490-502.

⁵⁰ Alexander et al., "Ready for Life: A Socio-Economic Analysis of Early Childhood Education and Care," 2017, Conference Board of Canada, page 54.

⁵¹ Alexander et al., "Early Learning and Childcare as a Key Economic Infrastructure, March 2021, Deloitte LLP, page 15.

occurred through the extension of Pre-K to early ages with all the associated additional costs. Even with the higher cost of public early learning, the modeling showed a return of at least \$1.67 for every dollar invested.

Another way of looking at this issue is that Toronto Early Learning Child Care Services (TELCCS) centres, which are public centres, had an average cost of \$1,285,360 compared to \$1,021,959 of similar private centres in 2018 – 26 per cent higher. If we lowered the median estimated return on investment in early childhood education from \$2 per dollar invested by 26%, we would still be looking at a \$1.5 per dollar invested return – which is still a solid positive gain, but with higher quality programs and not incorporating the added gains to children from that quality enhancement⁵².



⁵² McCuaig, K., E. Akbari, J. Bertrand, and E. Dhuey, “Review of Toronto Early Learning and Child Care Services: Their Unique Contribution to Toronto’s Equity, Inclusion and Poverty Reduction Goals,” March 2021, City of Toronto, page 44

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