

THE FUTURE ROLE OF GOVERNMENT IN SUPPORTING EARLY CHILDHOOD EDUCATION AND CARE IN ONTARIO

A Report to the Panel on the Role of Government in Ontario

June 4, 2003

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PREFACE

The Panel on the Role of Government was established by the government of Ontario in January 2002 to examine what role government should play in the lives of Ontarians in the 21st Century. The research agenda was developed to examine the potential changes facing Ontario over the next 10-15 years. The Panel developed a Research Agenda focusing on four themes:

- Responsive Government; Responsible Citizens: Revitalizing Democracy
- Internationally Competitive Learning Opportunities: Preparing for a Human Capital Society
- Internationally Competitive Businesses: Setting the Stage for Growth
- Strong Communities: Investing in Social Capital

We have been asked by the Panel on the Role of Government to address the following research questions on Early Childhood Education:

- What are the current policies in Ontario relating to the need for and types of early childhood education? What institutional arrangements is Ontario currently using for implementing these policies (e.g., public vs. private provision, subsidies, licensing, etc.)? How effective is Ontario at providing the relevant positive outcomes (such as socialization of children, strong basis for later educational success and accessibility) compared to other jurisdictions?
- What do we know from other jurisdictions about what kinds of policies concerning the need for and type of early childhood education work in providing the relevant positive outcomes?
- What kinds of institutional arrangements for formulating and implementing early childhood education policies are used in other jurisdictions? How have these institutional arrangements succeeded or failed in providing positive outcomes? What are the barriers to or advantages and disadvantages of the various types of institutional arrangements?

In evaluating the institutional arrangements for provision of early childhood education, consider:

- The impact of the arrangements on democratic values (such as accountability of the system to the users of the system and the public generally (what systems exist for program evaluation and how can the information from the evaluations be used); transparency to the users,

oversight bodies or the public; and public participation in policy formation and implementation);

- The impact of the arrangements on flexibility and innovation in educational programs;
- The impact, if any, of new technologies on the provision of education by the public or private sector, on the monitoring of educational services or outcomes and on the formation of educational policy;
- The level of government or delegated body with authority over early childhood education policy and the coordination, cooperation and resolution of disputes between parties if there is overlapping authority;
- The impact of the form of financing (such as public financing or user fees) on outcomes;
- The role, if any, and impact of consumer choice in the education system.
- What lessons can be drawn for Ontario's policies and institutional arrangements from the answers to the above questions?

In preparing this report, we have consulted with staff in the Ministry of Community, Family and Children's Services, the Ministry of Education, the Ministry of Finance, and staff responsible for Children's Services in a number of municipal governments around the province. We have consulted policy experts in the academic world, in the community, and in other provinces. We thank them for their cooperation. A list of the persons interviewed appears in an Appendix.

We have benefited considerably from research under the auspices of the OECD Directorate for Education analyzing Early Childhood Education and Care policies in twelve member countries: Australia, Belgium, the Czech Republic, Denmark, Finland, Italy, the Netherlands, Norway, Portugal, Sweden, the United Kingdom and the United States. We also benefited from discussions with representatives from a good number of these countries at a conference on the Financing of Early Childhood Education and Care systems in OECD countries, held in Rotterdam in January. A second round of country reports on Early Childhood Education and Care policies in member countries is now being coordinated by the OECD and this time Canada is a participant.

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EXECUTIVE SUMMARY KEY FINDINGS OF THIS REPORT

Chapter One

“Early Childhood Education and Care (ECEC)” refers to education and care services for children younger than compulsory school age and to funding and regulations that affect the affordability, accessibility and quality of those services. ECEC includes kindergarten, regulated child care services, nursery schools, programs that permit new parents to take paid leave from work to care for their own children, and support services which are supplementary to the education and care of preschool children. ECEC services may be universal or targeted, but they do not include health, mental health and child protection services for children.

Early Childhood Education and Care has become a major policy concern for some governments because families have changed dramatically, though gradually, over the last decades. It is now true that the large majority of mothers of preschool children are employed in paid work outside the home, and that most young children spend a substantial amount of time in non-parental care arrangements during their preschool years.

Since the 1990’s, the federal government has made investment in children/early childhood development a significant political priority, and has established mechanisms by which federal funding can stimulate the development of ECEC and related services and programs. Maternity and parental leave benefits have been extended to a full year. A federal-provincial-territorial agreement in 2000 provided \$2.2 over 5 years for early childhood development initiatives. A further agreement in 2003 has targeted about \$1 of federal funding to support and expand regulated ECEC services.

Chapter Two

Governments have a multiplicity of objectives which are met by ECEC programs. As described by the OECD, central objectives include all of the following:

- facilitating the labour market participation of mothers with young children and the reconciliation of work and family responsibilities;
- supporting children and families “at risk” while promoting equal opportunities to education and lifelong learning;
- supporting environments which foster children’s overall development and well-being;
- enhancing school readiness and children’s later educational outcomes; and
- maintaining social integration and cohesion. “ (OECD, 2001a, p. 38)

In an economic perspective, the rationale for government funding and regulation of ECEC services derives from an analysis of possible market failures. In other words, government action may be important if private market activity is unlikely to deliver optimal results on its own. There are both equity and efficiency arguments for government action in two areas – the effects on the development of children and the effects on employment and families. For children, the key equity argument relates to providing children with an equal start in life, by ensuring that they enter school ready to learn. The key efficiency argument reflects the public interest in ensuring that early investments in the human capital of children are sufficiently high. For families, the key equity argument refers to easing the double burden of employment and child rearing for mothers and families. The key efficiency argument relates to offsetting substantial disincentives to employment built into the tax system and social assistance rules.

There is accumulating evidence that the effects of good quality ECEC are strongly positive in social, behavioural and cognitive dimensions (Shonkoff and Phillips, 2000). Further, from a human capital perspective, it is becoming evident that the returns to early investments in education are likely to be considerably greater than the returns to later investments (Heckman, 2000; Carneiro and Heckman, 2003).

Chapter Three

Ontario's current ECEC programs include Junior and Senior Kindergarten, licensed centre-based care and nursery schools, regulated family home day care, various tax, benefit and subsidy programs which provide financial support to ECEC, and a variety of support programs including a network of Early Years Centres.

Junior and Senior Kindergarten are available free of charge to most 4 and 5 year olds in Ontario, independent of family income or the employment status of parents. The education is provided by well-trained teachers, but only for 2½ hours per day for most children, and only during the school year, and with few bridging programs providing support for employed parent needs. Kindergarten is philosophically and administratively separate from other ECEC programs. Approximately 150,000 Ontario children use Senior Kindergarten and 135,000 children use Junior Kindergarten services.

Licensed/regulated child care services in centres and family homes are sold as a market service in Ontario, typically provided by non-profit organizations. Regulation of staff-child ratios, group size, education of caregivers, licensing and monitoring of facilities and some other matters are provincial government responsibilities. Municipal organizations (known as Consolidated Municipal Service Managers (CMSMs) or District Social Services Administration Boards (DSSABs) administer the child care subsidy system for low-income families and

families with special needs children, subsidies for Ontario Works clients, provincial wage-enhancement grants etc. There are over 200,000 regulated child care spaces in Ontario. Just over 50,000 of these receive regular child care subsidies.

Funding, quality and accountability are serious concerns in Ontario's regulated child care system. Provincial funding has been in decline for over a decade despite expansion of the system. Provincial spending reached a peak of \$597 million in 1994-95¹ declining to \$516.4 million in 2001-02. There are long waiting lists for subsidized child care in a number of municipalities. The best evidence available indicates that the average quality of care in all regulated services is not sufficient to optimally promote child development. In particular, infant-toddler care in centres and family home day care services score at quality levels below many other jurisdictions. Policy accountability of Ontario's regulated child care services has been weak for some time. The primary reason for this is the underdevelopment of information systems, exacerbated by the provincial-municipal division of responsibility. For any set of policy objectives, there are a set of inputs which are intended to achieve a range of policy outputs. Despite the partial development of information collection systems, there is currently little reliable information on either inputs or outputs available from the Ontario government, making adequate policy evaluation impossible.

The Ontario Child Care Supplement for Working Families is a provincial income supplement for low-income families in which at least one parent is employed, but there is no obvious link to child care. The Child Care Expense Deduction is a deduction from taxable income in the federal income tax code, which affects provincial taxes paid. Receipted expenditures on virtually any type of child care used to permit employment or studying are deductible from income before tax rates are applied. The Employment Insurance Plan pays maternity benefits to new mothers who have accumulated 600 hours of employment in the last year. Together with parental benefits, eligible parents receive benefits for up to one year at the time of birth or adoption of a child.

Since 2001, the Ontario government has established a network of Early Years Centres across Ontario, one in each provincial riding for a total of 103. These are well-resourced centres with the objective of promoting early child development and providing information to parents in local communities. They provide workshops and seminars, some literacy programs, nutrition programs, drop-in programs, and information and other resources for parents and caregivers of children. These centres are provincially operated and administratively separate from other ECEC services co-ordinated by local authorities. They should be integrated with the service planning process for other ECEC services and

¹ O'Connor, 2002. Figures provided by Ministry officials.

administered by Consolidated Municipal Service Managers (CMSMs) or District Social Services Administration Boards (DSSABs).

Dr. Fraser Mustard and Hon. Margaret McCain, whose report inspired the development of the Early Years Centres, have argued that these centres should provide a neighbourhood hub of activities directed towards early childhood development for all children. In particular, these centres should be integrated with good quality non-parental care services and should be linked with local schools. They suggest that “the guidelines for the Early Years Centres exclude non-parental care, ignoring the recommendations of the *Early Years Study*, developments in the rest of the world, and repeated feedback from communities across the province about the importance of quality non-parental care.” (McCain and Mustard, 2002, pp. 30-31)

Most Ontario children do not suffer from either behavioural or cognitive problems in development, and most enter school ready to learn. However, a significant minority, close to 30%, have either behavioural or cognitive problems or both. The very partial information we have about school readiness suggests that a similar proportion score poorly on readiness-to-learn measures. A careful analysis of the data from the National Longitudinal Study of Children and Youth finds that prevalence of behavioural and cognitive problems is not strongly concentrated in low-income families but is spread throughout Ontario’s income groupings. This suggests that remedial measures which are targeted by income are unlikely to reach most vulnerable children. This same evidence finds that parenting is very important to children’s development, and that institutions and neighbourhoods will also have a significant influence on children’s development.

Chapter Four

The legacy of the 1960’s, 70’s and 80’s continues to dominate ECEC policies in most provincial/territorial jurisdictions. ECEC policy is, as a result, composed of four main policies/programs:

- free, publicly-provided part-day kindergarten for 5 year old children;
- child care subsidies for low-income families to be used only in quality-controlled licensed care (for the benefit of the children) and only on condition that the parent(s) are engaged in employment or training/education;
- maternity and parental benefit and leave;
- tax deductibility of child care expenses in the calculation of taxable income, affecting both federal and provincial income taxes.
- As a result of federal funding, there are now significant early childhood development initiatives for specialized populations of children in most jurisdictions, as well.

Quebec has dramatically altered its ECEC policies and programs to make early learning and care widely available. In 1997, Quebec extended kindergarten for five-year old children to be full-day, with associated services to care for children outside of school hours. Child care centres applied to become Centres de Petite Enfance (CPE's) offering both centre-based and family home developmentally-oriented child care to families at a price of \$5 per day. This subsidized service was initially available to children aged four, then aged three, and so on in a graduated development of services.

The Quebec model of administration and funding of early childhood education and care is a possible model for Ontario.

For children less than 6 years of age, administration of services is divided between the Ministry of Education and a newly-created Ministry of Children and Families. The Ministry of Education administers full-day kindergarten for five-year olds and also the part-day kindergarten for 4 year olds that had previously existed for children in some low-income areas. There is no charge to parents for either of these public services. The Ministry of Children and Families administers grants, provides licences and regulates educational child care services for children less than five years of age.

The main innovation institutionally in Quebec was the encouragement and licensing of CPE's (Centres de Petite Enfance or Early Childhood Centres). These are much larger than a typical child care centre (may have up to 350 children) and is a management and service unit which may include several child care centres and perhaps thirty or more regulated family child care homes. The CPE's are, therefore, neighbourhood-based access points to a range of early childhood education and care services. They are non-profit agencies which must have at least 2/3rds of their board members drawn from parent users of the ECEC services provided. Existing child care centres and non-profit agencies were encouraged to establish CPE's. Only CPE's are eligible for the substantial funding associated with the \$5 per day ECEC program.

There are grants that cover occupancy costs, overhead costs and operating costs, each with its own formula. If a CPE had 200 child care centre spaces, all for children 18 months or older, it would receive just over \$1,000 in grants per space for each of occupancy costs and overhead expenses, and just about \$5,000 per child to cover operating expenses. About \$1,300 of operating expenses would be covered by the \$5 per day parental contribution. If enrolment falls below 85% of registered spaces, occupancy and overhead grants are reduced. There are supplements to grants for infant children, for larger proportions of children from low-income backgrounds, for special needs children, and for services to northern and aboriginal communities. Occupancy, overhead and operating grants are somewhat lower for family home child care services.

The best-known feature of the Quebec ECEC model is the flat \$5 per day parental co-payment. Some low-income families do not pay this full amount. If a family collects social assistance, part-time ECEC (23.5 hours per week) are provided free as educational supplement for all children. If the family on social assistance participates in employability programs, full-time ECEC is provided free of charge. For parents not on social assistance but receiving benefits from the Parental Wage Assistance program (encouraging employment for low-income families), the family pays, in effect, only \$2 per day for ECEC rather than \$5 per day.

Chapter Five

Most countries reviewed provide preschool ECEC services for the vast majority of children who are 3 years of age and older, and sometimes 4 and older. Sweden, Belgium, Denmark, Finland, Italy and Portugal provide full day care for children from age 3 or before. Norway and the Netherlands commence full-day preschool access at age 4. The United Kingdom provides guaranteed access to free part-day preschool for all 3 year olds and above, with school commencing at age 5. Australia provides part-day preschool at age 4 and full-day at age 5. In Canada and the U.S., preschool starts later than in other countries and is only part-day at age 5 (although Quebec and New Brunswick now have full-day kindergarten at age 5, and Ontario has part-day kindergarten at age 4 for most children).

Outside of this core of ECEC services, there are a wide variety of different models of ECEC provision and funding adopted by different countries. Australia provides substantial demand-side funding to parents for ECEC services. Netherlands is aggressively expanding its public commitment to ECEC services, experimenting with a move to demand-side funding, along with substantial amounts of employer funding. Belgium provides public services above 2.5 years and demand-side subsidization below. Denmark provides very good public ECEC services, with a parental contribution up to 1/3rd of the cost. Finland provides public ECEC services with parents paying 10% of costs. Italy has well-developed preschool services for all children 3 and above, usually free, but very few services for under 3's. Norway has extensive public ECEC services, with a goal of universal access for all children under 6. Parents pay 30%-45% of costs. Portugal provides educationally-oriented care for 3-6 year olds, free of charge under the Ministry of Education. Sweden provides high quality public ECEC services for children from 1 year of age, if parents work or study. Parents pay about 15% of costs (no more than 3% of income for the first child, etc.). In the U.K., local education authorities provide early education places for children from 3 years up. A new and extensive set of ECEC services called Sure Start is free for children 0-3 in less advantaged communities. The United States provides part-day Head Start services to disadvantaged children, and some other child care subsidies to low-income families, along with part-day kindergarten at age 5. Otherwise, ECEC services are a private market service.

In virtually all of these countries, the public commitment to Early Childhood Education and Care services is considerably greater than in Canada or the United States. Figures on the percent of GDP devoted to ECEC across countries are not readily available. However, related figures on the fraction of GDP spent on pre-primary education across countries are collected by the OECD. Canada spends 0.23% (i.e., 23 hundredths of 1%) of its annual GDP on pre-primary education. Most other countries spend 0.4% to 0.6% of GDP. As a result, pre-primary education is a low priority in Canada, apparently a much lower priority than in Belgium, Czechoslovakia, Denmark, Finland, France, Germany, Hungary, Netherlands, Norway, Poland, Spain, Sweden or the U.K. Even the U.S. spends more public dollars as a percent of its GDP on pre-primary education than Canada. (OECD, 2001, p. 189)

Chapter Six

In determining appropriate future public policy for Early Childhood Education and Care, there are a series of key questions to address. One is whether assistance to families should be targeted or universal. The evidence that ECEC services are positive for children from all backgrounds and that behavioural and cognitive problems are not strongly concentrated in low-income families argues for a more universal approach.

A second question is whether services should be directed towards education or care. Because the large majority of parents of young children are employed, services which are inconvenient for parents will act as an impediment to employment. On the other hand, services oriented towards custodial care will not enhance the development of children. Understanding that much early education occurs in the context of structured play, it is important to design ECEC services which provide both education and care for children, which are developmental for children and convenient for parents. Evidence on benefits and costs of ECEC suggest that maximization of public benefits requires the provision of both education and care.

A third question asks at what age assistance to ECEC should start. There is evidence of positive effects at all ages. However, the costs of ECEC are higher for younger children, primarily because staff-child ratios are higher. It is also true that public acceptance of early education and non-parental care is higher as children mature. This suggests a priority on expansion of services at ages three, four and five, moving to younger ages when appropriate.

A fourth question is whether the quality of ECEC services is an important consideration. This is linked to the question about education and care. The best evidence on child care and early development (Shonkoff and Phillips, 2000)

indicates that it is the quality of care that matters for child development outcomes, whether they are behavioural or cognitive. Quality has been defined by experts in child development to refer to the character of interactions that occur in the classroom, which are influenced by a range of different factors. The quality of services is a primary policy concern and tends to determine decisions about how services should be delivered and how services should be funded. The most fundamental ECEC policy decisions therefore tend to be those affecting the tradeoff between ECEC quality and costs of provision, or ECEC quality and complete liberty of parental choice.

A fifth question is whether funding should be provided on the demand side (subsidies to consumers) or the supply side (public provision, or financial assistance to producers). There are a range of issues to be considered. To the extent that parent definitions of the type and quality of ECEC their children need is fully aligned with the public interest, funding on the demand side is favoured. Further, to the extent that parents can readily and accurately judge the developmental quality of child care services, funding on the demand side will again be favoured. Many of the issues are the same as in debates about whether vouchers should be used to finance primary and secondary education. Most countries have designed ECEC policies which provide some measure of parental choice, but ensure that all ECEC services used will be of good quality.

If funding is provided on the supply side, should we favour public provision of services, non-profit services or services by commercial providers? These, too, are complex policy issues involving quality of services, cost of services and degree of parental choice and influence. Quality of ECEC services is key to the benefits produced. Public provision (e.g., through schools) is likely to provide the strongest controls over quality of ECEC, but it is likely that the cost of services will be higher. Provision of services by small commercial and non-profit providers is likely to keep costs lower, but at the expense of ability to monitor and control quality. Small providers may also be financially unstable, with potential negative consequences for children. Quebec has encouraged the formation of non-profit CPE's with a range of different services and mandated parental input to decision-making.

Conclusions and Recommendations

An appropriate policy on Early Childhood Education and Care would be based on the following propositions or principles, derived from the material presented in the chapters above:

1. ***The early years are critical*** – The years before children are in compulsory schooling are crucial because the development of children – physically, socially, emotionally, behaviourally, cognitively – is so concentrated in the early years. Giving children an equal start in life means providing resources for them when they are very young. The returns to our investments in

children have a high payoff because of two factors: the long horizon over which the payback occurs, and because getting it right at the beginning is much easier and cheaper than fixing it later.

2. ***As a society, we are underinvesting in the early years*** – We invest about 40 times more public dollars into education at the primary, secondary and tertiary levels in Canada than we do in providing early education for young children in their preschool years. Yet the effects of a dollar spent on young children would appear to be at least as great, probably greater, for younger children as for older. As Nobel prize winning economist James Heckman writes “In the long run, significant improvements in the skill levels of American workers, especially workers not attending college, are unlikely without substantial improvements in the arrangements that foster early learning. We cannot afford to postpone investing in children until they become adults, nor can we wait until they reach school age – a time when it may be too late to intervene.” (Heckman, 2000, p.39; see also Carneiro and Heckman, 2003).
3. ***There are strong public benefits of well-designed ECEC programs*** – It is well known that there are important public benefits of education spending, through the effects on the productivity, good citizenship and lower crime rates of those being educated. There are equally important public benefits of facilitating the labour force attachment of parents. David Dodge, Governor of the Bank of Canada, discusses another important public benefit, related to the aging of Canada’s population: “The challenge will be to deal with a shrinking share of Canadians of labour force age. One way to deal with this is to postpone the average age of retirement. A second, and very important way, will be to make the process of human capital formation more efficient, so that people enter the labour market earlier and better prepared.... . . .investment in ECD pays double dividends – one, it increases the efficiency of, and reduces the remediation costs in, the schools; two, it enables people to leave the formal education system earlier, thus meeting the demographic challenge.” (Dodge, 2003, p. 8).
4. ***Other countries are investing more in lifelong learning*** – Although the Canadian federal government has significantly improved the length of maternity and parental benefit payments and has provided encouragement to provinces and territories to develop programs aimed at early childhood, most provinces have been slow to embrace Early Childhood Education and Care as a priority (with the obvious exception of Quebec). The pace of development of ECEC policy and services in many countries has been swift in recent years. Even the United Kingdom, Australia and the Netherlands, whose policy traditions might be considered similar to Canada and the U.S. have recently made a priority of significantly expanding access to ECEC services. Countries who are much poorer than Canada on a per capita income basis, such as Portugal, Spain, Czechoslovakia, or New Zealand have placed a high

priority on the development of ECEC services. Measured by dollars spent or services provided, Canada lags behind many other countries in providing early learning and care for its young citizens.

5. ***The quality of ECEC provided is fundamental to the public (and private) benefits gained*** – All the evidence we have (see the recent review of literature on the science of early childhood development in Shonkoff and Phillips, 2001) argues that ECEC programs can have overwhelmingly positive or somewhat negative effects on children and that the nature of effects depends directly on the quality of care experienced by the child. Therefore, the quality of services is a primary policy concern and tends to determine decisions about how services should be delivered and how services should be funded. The most fundamental ECEC policy decisions tend to be those affecting the tradeoff between ECEC quality and costs of provision, or ECEC quality and complete liberty of parental choice.
6. ***Although there will be both universalist and targeted elements in any ECEC program, the fundamental objective should be to provide services to most or all children*** – The 25% of children who are “vulnerable” to behavioural or cognitive problems in Canada are found to be spread across all income groupings, not strongly concentrated in low-income families. Although the benefits of good quality early childhood learning and care services may be especially positive for children from low-income families, ECEC can have important positive effects for children from all different backgrounds. Once we start considering ECEC as the first stage of most children’s education, the motivation for universal services becomes clear.
7. ***The design of early childhood education and care policies and services should facilitate parental employment*** – Of course, parents should be free to choose whether they seek employment or do not. And, of course, ECEC services should encourage and support early learning for all children, not just those whose parents are in the labour force. However, it is not possible to ignore the origins of the widespread use of non-parental care by preschool children: the rapid and continuing growth of labour force participation by mothers of young children. A sensible and efficient policy on Early Childhood Education and Care will be one that expands children’s capacities and helps parents balance their work and family lives at the same time (OECD, 2002). When child care of reasonable quality is available at a price that does not deter labour force participation, and is available during hours that support full-time or part-time work, parents are more able to balance their family and income needs. As Dr. Fraser Mustard and Hon. Margaret Norrie McCain put it “It is not possible to implement Early Childhood Development programs in the 21st century without also providing non-parental care.” (2002, p. 31). In their cost-benefit analysis of good quality ECEC programs in Canada for children from 2-5 years of age, Cleveland and Krashinsky found

half of the benefits were due to the effects on children, but the other half were due to short and long term benefits to families and society from enhanced labour force attachment of parents (1998).

8. ***Parenting matters most to the early development of children, so parenting and ECEC services must be complements rather than substitutes*** – Early learning and care services, particularly when they are of high quality, have important positive effects on children, and tend to offset family-based sources of risk. However, parenting is a much stronger influence, and an enduring one. This is one reason why a system of ECEC services and programs is important – with maternity/parental leave complemented by income and parenting supports and by a network of different ECEC services and early childhood development programs in local communities. As recommended by McCain and Mustard, and as implemented in Quebec, ECEC services are as much a part of family policy as they are education/human development policy. The point of making good quality ECEC services accessible to families is to provide some building blocks for positive family functioning in a new era dominated by parental employment.

RECOMMENDATIONS

There are two fundamental recommendations in this report. In combination, they are designed to establish a comprehensive system of early childhood education and care in the province of Ontario.

The first is that the Province of Ontario should mandate school boards to provide full-day senior and junior kindergarten, with lunchtime supervision included. Further, school boards should be responsible for developing complementary integrated services to provide care for children outside of school hours and outside of the school year.² Full-day senior and junior kindergarten should be free of charge (and non-compulsory), as at present. School boards may charge parents for the use of complementary services. There should be sufficient provincial funding to ensure that these complementary services are financially accessible to all families.

The Ministry of Education should devote additional resources to developing comprehensive curricular support for kindergarten programs, recognizing the importance of developmentally-oriented play, particularly in this new format. The Ministry should commence or sponsor a longer-term research program examining the impact of different curricular approaches, and examining the impact of different staff-child ratios, teacher training levels and other factors in determining the effects of kindergarten programs on children socially, emotionally, physically, behaviourally and cognitively.

² Johnson and Mathien (1998) found strong evidence of parental support for a move from half-day to full-day kindergarten at both junior and senior kindergarten levels.

The second principal recommendation of this report is that the Ontario Government should establish framework legislation and funding to provide for the development of a comprehensive network of good quality Early Childhood Education and Care services, initially for children at age 3 and gradually moving downwards to provide care to children of younger ages. These services must be of good quality (initially reflecting at least a score of 5.0 on the Early Childhood Environments Rating Scale or the Infant-Toddler Environments Rating Scale). These services would include licensed child care centre programs, nursery schools and regulated family homes, licensed and regulated by the provincial government, and other forms of services as appropriate (e.g., aboriginal child care programs, family resource centres, resources for children with special needs, drop-in centres, in-home caregivers).

These services would be community-based, with funding and planning and co-ordination of services handled through municipal and local authorities (with most of the funding originally provided by the provincial and federal governments, and overall planning of service provision and public accountability by the provincial government). Local access to services and information to parents about available services would be co-ordinated through a neighbourhood hub of early childhood services. Existing Early Years Centres would be integrated into the locally planned system.

These ECEC services would provide full-time learning and care for children with employed (or student) parents and part-time learning and care for families with one parent at home. Different provider groups would be encouraged to develop different philosophical and curricular approaches within the context of a quality program. The provincial government would stimulate a serious research program to assess different curricular and other approaches to provision of ECEC services. The services would be provided at a modest fee to parents (the \$5 per day fee is one possible model; a sliding scale based on income is another). In order for services to be universally accessible, fees could not exceed 3%-5% of after-tax income.

CHAPTER ONE INTRODUCTION

Definition of Early Childhood Education and Care

In Ontario, Early Childhood Education and Care (ECEC) refers to arrangements for the care and education of children aged 0 to 6 years, not including compulsory public schooling. The care and education of these young children is conducted through a multitude of arrangements ranging from informal to formal, centre-based to care within a family home, commercial to non-profit to public. Support programs for parents and caregivers, such as Family Resource Centres and Early Learning Centres and specialized programs oriented to specific target populations also exist. Five general categories can be identified:

Kindergarten programs in the public school system. Part-time (usually) programs for five year olds and many four year olds operated as part of the public education system. Programs are free to parents.

Regulated child care programs are provided in child care centres, nursery schools and family homes, licensed by the provincial government and regulated under the Day Nurseries Act. There are a mixture of municipal, private for-profit and not-for-profit programs, in addition to aboriginal child care programs administered by Indian Bands. The care services in Ontario are based on a fee-for-service arrangement. Fees in the regulated sector range from an average of \$783.00 per month for infants to \$603.00 per month for toddlers and \$541 per month for preschoolers.³

Cash benefits to assist with the costs of child care or loss of income. These include pregnancy and parental leave under the federal Employment Insurance Act and the Child Care Expense Deduction. The Child Care Expense Deduction claimed by the parent with the lower income offers a deduction of \$7,000 from taxable income for expenses for children under 7. Nominally, the Ontario Child Care Supplement for Working Families is intended to provide financial assistance to cover child care expenses for low-income families, but there are no conditions placed on the use of the funds. The Workplace Child Care Tax Incentive provides an accelerated benefit to businesses that invest in building or renovating licensed child care facilities.

³ Childcare Resource and Research Unit, "Provinces and Territories" 1998

Family resource centres, Early Learning Centres, Healthy Babies, Healthy Children, Community Action Program for Children (CAP-C) and a variety of prevention and intervention programs provide various support services to parents, public education, and programs for specific target groups. Most of these are not, strictly speaking, providing either education or care services to preschool children (and are therefore not included in the OECD definition below), but they may provide related services which influence child development in different ways. Some of these programs are operated by municipalities, others directly by the Ministry of Community, Family and Children’s Services, others by the Ministry of Health and some by the federal government. Coherence of these programs within an overall system of services is typically lacking. Some of these programs carry small user fees.

Unregulated child care provided in a child’s own home or a caregiver’s home.

Note that, in general, health, mental health, and child protection services are not included in Early Childhood Education and Care.

Our understanding of the boundaries of Early Childhood Education and Care is in line with the definition recently provided in *Starting Strong*, the summary report from the recent OECD Thematic Review of Early Childhood Education and Care policies and programs in 12 member countries:

“The term *early childhood education and care* (ECEC) includes all arrangements providing care and education of children under compulsory school age, regardless of setting, funding, opening hours, or programme content. ...it was deemed important to include policies – including parental leave arrangements – and provision concerning children under age 3, a group often neglected in discussions in the educational sphere.” (OECD, 2001a, p. 14)

Sheila Kamerman, of Columbia University (2000a) provides a companion definition of ECEC policy:

“ECEC policy includes the whole range of government activities designed to influence the supply of and/or demand for ECEC and the quality of services provided. These government activities include direct delivery of ECEC services, direct and indirect financial subsidies to private providers (such as grants, contracts and tax incentives), financial subsidies to parents both direct and indirect (such as cash benefits and allowances to pay for the services, tax benefits to offset the costs, or cash benefits that permit parents to stop working and remain at home without loss of income) and the establishment and enforcement of regulations.” (Kamerman, 2000a, p. 8)

The Family Context of ECEC in Canada

Families have changed dramatically in the last couple of generations. The most obvious change is in the labour force participation of women in general, and of mothers of young children in particular. The figures are familiar but worth repeating. In 1967, one out of every six mothers with preschool children (17%) was in the labour force in Canada. By the year 2000, over four out of every six mothers (68%) with a child less than 6 years of age was in the labour force. The figures in Ontario were very similar: by 2000, 68% of mothers with a child less than 3 years of age was in the workforce; 74% of mothers with youngest child 3-5 years of age was in the workforce. The rise in the employment rates of mothers continues each year, for children less than 3, as for children 3-5 years of age. As a result, more and more children are in non-parental care situations for substantial portions of their preschool years. The 1988 Canadian National Child Care Survey found that 75% of children 18 months through 5 years of age were in non-parental care arrangements (including kindergarten) on a weekly basis.

Along with the widespread change in care arrangements for young children has come much new research on how children develop in non-parental care situations, what features of care have positive and negative effects on which dimensions of children's development, whether all children and families are affected in the same ways, and so on.

As family situations have evolved and researchers have explored effects on the development of children, governments around the world have supported different forms of Early Childhood Education and Care services. Some have been targeted at specific groups of children, for example Head Start and other early intervention programs in the United States. Some have provided universal full-day pre-school educational services, such as the *ecoles maternelles* in France and the *scuola materna* in Italy. Some have provided an integrated mix of education and care services directed at parents who are employed or in school, as with the Swedish and Danish municipal child care centres and family homes. Some of these have been free to parents, others have required parental contributions.

In the United States and Canada, outside Quebec, ECEC services are largely market-provided with some governmental regulation and only subsidization of particular families or services. In some other countries, the quality of ECEC services is strongly regulated and substantial direct or indirect assistance is provided to reduce the costs to parents of good quality care. In many other countries, an integrated system of ECEC services is provided at relatively low cost to parents from age 2 onwards or from the end of maternity/parental leave. Different countries have a wide range of other policies related to Early Childhood Education and Care, ranging from tax deductions of child care expenses, paid and

job-protected maternity and parental leaves, and inducements to employers to provide services for employees.

The Recent Policy Context Of ECEC In Canada

The discussion, in the ensuing chapters, of ECEC policies in Ontario is better understood with a little context, particularly concerning the federal government. Child care and education policy are in provincial jurisdiction; taxation issues are shared jurisdiction; payments under Employment Insurance are under federal jurisdiction. From the 1960's through to the mid-1990's, child care policy in all provinces and territories was shaped by federal willingness to cost-share (50-50) provincial/territorial expenditures on child care that met certain criteria (being directed at families in poverty or likely to be in poverty; encouraging employment). From 1995 on, with the CHST (Canada Health and Social Transfer), federal funding for child care was part of a block grant with no strings attached, including no necessity to spend on child care.

In 1998, the federal government announced a National Children's Agenda, making early childhood development a national political priority. A number of major initiatives followed in rapid succession. In December 2000, the federal government extended maternity and parental leave to cover virtually a full year of the child's life. Fifteen of these weeks were designated as maternity leave and thirty-five weeks as parental leave available to either parent. Since take-up of paid leave by Canadian families has traditionally been very high, it is expected that these provisions will dramatically reduce the need for expansion of infant ECEC facilities.

In addition, the federal government has begun to provide some substantial funding that provinces can use for Early Childhood Education and Care services and for related child development programs. The Early Childhood Development Initiatives Agreement was reached with all provinces and territories except Quebec in September 2000, providing for \$2.2 of federal funds to flow over 5 years to provinces. The significance is not the size of the budget but the renewal of the federal funding role in this area, which had been suspended with the ending of the Canada Assistance Plan in 1995. Provincial and territorial governments agreed to use this funding to improve and expand services in four key areas: (a) healthy pregnancy, birth and infancy, (b) parenting and family supports, (c) early childhood development, learning and care, and (d) community supports. The agreement included provisions for provinces/territories to report regularly to their citizens on expenditures and child development.

In early 2003, as a supplement to the ECDI agreement, the federal and provincial/territorial governments (except Quebec) signed the Multilateral Framework Agreement which provides approximately \$1 billion of federal funding over five years to support investments in early learning and child care, in particular. The objective of this initiative is to promote early childhood development but also to support the participation of parents in employment and training by improving access to affordable, quality early learning and child care programs and services. As the Agreement indicates, approaches to early learning and child care will be based on the principles of availability and accessibility, affordability, quality, inclusiveness and parental choice.

CHAPTER TWO

WHAT DO WE KNOW ABOUT THE EFFECTS OF EARLY CHILDHOOD EDUCATION AND CARE ON CHILDREN AND FAMILIES?

In a recent analysis of Early Childhood Education and Care policy in member countries, the OECD has written that:

“In most countries, ECEC policy is shaped by a multiplicity of objectives, including:

facilitating the labour market participation of mothers with young children and the reconciliation of work and family responsibilities;
supporting children and families “at risk” while promoting equal opportunities to education and lifelong learning;
supporting environments which foster children’s overall development and well-being;
enhancing school readiness and children’s later educational outcomes; and
maintaining social integration and cohesion. “ (OECD, 2001a, p. 38)

Early Childhood Education and Care policy can influence each of these areas, although the specific design of ECEC policies matters substantially.

Early Childhood Education and Care (ECEC) lies at the intersection of a variety of policy agendas. Changes in the availability, quality, price and other characteristics of education and care services for young children will potentially affect a wide range of child and family inputs and outcomes: the employment decisions of parents, the overall amount of time parents will spend rearing children at different ages, the division of labour between parents, the relationships between parents and children, the peer group experiences of young children, the social skills and behaviours of children, children’s literacy, vocabulary, and readiness for school, the integration of immigrant children and families in their neighbourhoods, the level and distribution of net family incomes and so on.

The multiplicity of effects makes policy discussions about Early Childhood Care and Education surprisingly complex. One reason is that policy makers are not pursuing uniform goals; different policy makers have different groups of objectives that they regard as important. One person’s well-designed policy is another’s worst nightmare; typically the origin of these different perspectives lies in the different underlying policy objectives being pursued. Analyzing and recommending the appropriate future role of government in Ontario with respect to Early Childhood Care and Education requires clear thinking about the policy objectives the government should pursue.

The discipline of Economics provides a useful framework for considering the possible policy objectives for Early Childhood Education and Care. Adam Smith’s theory of the operation of competitive markets underlies the division which we maintain today between the public sector and the private sector in contemporary societies. The provision of most goods and services is left primarily to the private sector. Decisions about the amount of production, the type and characteristics of goods produced, the amount of investment in new facilities, the allocation of labour and other resources to various types of enterprise – all of these decisions are made with minimal government intervention. As a society, we feel confident that the public interest will be best served by leaving these decisions to the private interaction of producers and consumers in competitive markets. Government intervention is only needed in some cases to promote competitive practices, facilitate consumer decision making and reduce barriers to the smooth operation of these markets.

There are some goods and services, however, which may require a greater governmental role. Economists have developed a list of the ways in which markets sometimes do not work to promote the public interest – a list of potential sources of “market failure”. In cases where market failures exist, competitive markets deliver distorted results and government subsidies, tax relief, regulations or outright government provision of services may deliver improved economic and social conditions. This list of potential sources of market failure, when applied to the care and education of young children, produces a set of potential policy objectives (i.e., responding to and offsetting different forms of market failure). Analysis of these potential sources of market failure provides a system for classifying the policy objectives pursued by different governments and a framework for summarizing some important research about the effects of Early Childhood Education and Care services on children and families.

Competitive Markets and Market Failure in ECEC

If markets worked in perfect textbook fashion, the care and education of children when they are young could be purchased privately by each family, and this would deliver the best possible results. Each family would decide which of its members should be employed to earn income at what jobs and for how many hours per week. Each family would decide which family members would be at home for how much time to provide care for children in their early years. Each family would choose the characteristics and quality of care provided for their children (either at home or by non-family caregivers), according to the particular needs of the child and the tastes and preferences of the family. Each family would pay for these services and therefore would balance the value of the services to their family against the cost of purchasing them. Under competitive market conditions, and assuming that the distribution of society’s resources is regarded as equitable, this should ensure that each family gets the services it wants and needs

for its children, without burden on taxpayers, and with considerable flexibility and variety in the arrangements made by different families.

However, all else is not necessarily equal. It is useful to distinguish two main ways that markets diverge from textbook results: those that affect children directly (by affecting the developmental quality of the education and care services they receive), and those that affect families directly (through affecting the employment decisions they make, the work experience they accumulate, and the incomes they earn). For children, there is a potential failure of private markets to reflect the broad public interest in the education and development of young children, the public interest in ensuring that children get an equal start in life. Further, markets may fail because of the imperfect ability of consumers to fully judge the quality and characteristics of the non-parental care their children need and receive. For families, the potential sources of market failure are the distortion in employment decisions caused by the taxation of individual earnings, work disincentives in the social assistance system, the failure of capital markets to permit borrowing against future returns to human capital, difficulties in assessing the payoffs to continued labour market attachment, and the public interest in the equitable position of women and equal opportunities for women in society.

Market Failures and Policy Objectives

Taken singly, these potential sources of the failure of ECEC markets to serve the public interest lead to policies, programs and institutional arrangements which could correct these market failures. Table 1 below sketches typical relationships between identified policy problems with young children and families, related ECEC policy objectives and the programs or policies designed to deal with them.

If a number of these potential sources of market failure are believed to be simultaneously important, a more comprehensive set of supports to the provision of good quality ECEC services will be appropriate, but the design of this system of public support to Early Childhood Education and Care will depend on the mix of policy objectives which are considered important (i.e., on the set of market failures which are believed to exist). There are several classic breakdowns – between policies directed at children’s development and those directed at encouraging employment for mothers and families; between services targeted at low-income families and those which are universally directed at the education and development of all children in a certain age group; between policies that prescribe the use of high quality care and policies which rely on parental choice of type and quality of care.

**TABLE 1
MARKET FAILURES, POLICY OBJECTIVES
AND POLICY RESPONSES**

Potential Market Failure	ECEC Policy Objective	Possible Programs/Institutions
<i>Children:</i>		
Public interest in education/ development of children	<ul style="list-style-type: none"> - Encourage use of good quality non-parental care by disadvantaged children - Encourage use of good quality non-parental care by all children - Encourage parental care of children in first year 	<ol style="list-style-type: none"> 1. ECEC subsidies for low-income families 2. Financial support of good quality ECEC services for all families 3. Extend kindergarten services to full-day and younger ages 4. Maternity and parental leaves and benefits for child's first year
Public interest in equal start	<ul style="list-style-type: none"> - Devote additional resources to children from less advantaged circumstances 	<ol style="list-style-type: none"> 1. Canada Child Tax Benefit and similar income supplements 2. Good quality ECEC services available to disadvantaged children or equally to all children 3. Extend kindergarten services to full-day and younger ages
Problems judging quality of non-parental care	<ul style="list-style-type: none"> - Discourage the use of poor quality non-parental care 	<ol style="list-style-type: none"> 1. Regulations and monitoring of quality of ECEC services 2. Information resources for parents 3. Subsidies conditional on use of ECEC of good developmental quality 4. Public provision of ECEC services of good quality
<i>Families:</i>		
Taxation of earnings	<ul style="list-style-type: none"> - Encourage parental employment - Re-establish horizontal equity in taxation of families 	<ol style="list-style-type: none"> 1. Child Care Expense Deduction 2. Financial assistance to lower cost of ECEC services
Work disincentives in social assistance	<ul style="list-style-type: none"> - offset disincentives in social assistance system 	<ol style="list-style-type: none"> 1. Fully subsidized ECEC services for families potentially eligible for social assistance, conditional on employment

Potential Market Failure	ECEC Policy Objective	Possible Programs/Institutions
Failure of capital markets	- Finance human capital investments	<ol style="list-style-type: none"> 1. Permit use of Registered Educational Savings Plans for financing ECEC services 2. Public financing of ECEC services funded by progressive taxation effectively permitting intergenerational financing
Difficulties assessing payoffs to labour force attachment	- Encourage long term planning of labour force attachment and family life	<ol style="list-style-type: none"> 1. Promote measures favouring work-family balance – make ECEC services complementary to parental employment of different types and durations
Public interest in equal opportunities for women	- Promote present and future choices which maximize opportunities for women	<ol style="list-style-type: none"> 1. Encourage fathers to take substantial role in child rearing and care 2. Institutionalize societal support for ECEC services and work-family balance policies

Effects on Children

The best evidence that is available strongly suggests that good child care is beneficial for children’s development, both for the cognitive/language/academic skills of children and for the social behaviour of children in the family and in the classroom. These positive effects depend on the characteristics of the care and education arrangements which children experience, in other words on the “quality” of ECEC. Good quality ECEC has positive effects, while poor quality care will have negative effects.

A recent thorough review of literature on child development has been produced by the Committee on Integrating the Science of Early Childhood Development of the National Research Council and National Institute of Medicine in the U.S. They have written:

“One of the most consistent and ubiquitous findings in this literature links the quality of child care that children receive to virtually every measure of development that has been examined. While hours of care, stability of care, and type of care are sometimes associated with developmental outcomes, it is the quality of care and, in particular, the quality of the

daily transactions between child care providers and the children for whom they are responsible, that carry the weight of the influence of child care on child development.” (Shonkoff and Phillips, 2000, p. 310).

The quality of early childhood education and care received affects a wide range of measures of child development:

“In sum, the positive relation between child care quality and virtually every facet of children’s development that has been studied is one of the most consistent findings in developmental science. While child care of poor quality is associated with poorer developmental outcomes, high-quality care is associated with outcomes that all parents want to see in their children, ranging from co-operation with adults to the ability to initiate and sustain positive exchanges with peers, to early competence in math and reading.... The stability of child care providers appears to be particularly important for young children’s social development, an association that is attributable to the attachments that are established between young children and more stable providers. For cognitive and language outcomes, the verbal environment that child care providers create appears to be a very important feature of care.” (Shonkoff and Phillips, 2000, p.313-4)

In some sense, the effects on children are hardly a surprise. It is universally accepted in Canada and elsewhere that, once children reach five or six years of age, group education provided by highly trained teachers with significant learning resources will have strong positive impacts on young children – impacts large and positive enough to be worth the expenditure of s of dollars of public money. Furthermore, considerable evidence suggests that the first years of education have more impact than later years . It stretches the imagination to believe that good quality early childhood education and care, provided to children three or four or five years of age (or even younger) would not have strong positive effects as well. Nobel Prize winning economist James Heckman and Pedro Carneiro have reached similar conclusions about the importance of early investments in human capital. These are reflected in the graph reprinted below (Carneiro and Heckman, 2003).



The Effects of ECEC on Disadvantaged Children

Head Start

Head Start programs in the United States have provided half-day early intervention programs for low-income children (at 3-4 years of age) since the 1960's. These programs now provide early childhood services, including parent support and health monitoring to over 800,000 children per year.

The most careful of the studies done on Head Start is called "Does Head Start Make A Difference?" and was published in the *American Economic Review* by Janet Currie and Duncan Thomas in 1995. This is an innovative study of Head Start's impact using data on siblings from the National Longitudinal Survey of Youth, one of whom had participated in Head Start and the other of whom had not. By comparing one sibling to another within the same family, Currie and Thomas were able to hold constant many family-type factors which could otherwise be mixed-up with the effects of the Head Start program. Controlling statistically for a wide range of background factors, they found that language skills and the probability of being held back a grade in school were dramatically influenced over several years (up to Grade 5) for white children who had attended Head Start (a 6 percentage point increase in PPVT scores and a 47% decline in grade retention). Surprisingly, although the story started out the same for African-American children, these positive effects had disappeared by the time of Grade 5.

Currie and Thomas calculated that the measured increase in language abilities and drop in grade retention for white children (who form the majority of Head Start's clientele) could result in an increase in expected future wages by 4%, and a drop of 5% in the likelihood of dropping out of high school. Using these rough calculations, they conclude that potential gains from Head Start are "much larger than the costs".

In a later study entitled "School quality and the longer-term effects of Head Start" (Currie and Thomas, 2000), the authors found an explanation for the poorer performance of African-American children who attended Head Start. The initial positive effects of Head Start for these children were offset in later years, because many Black children attended poorer quality neighbourhood schools.

In a recent working paper for the National Bureau of Economic Research in the U.S., Garces, Currie and Thomas (2000) have investigated the longer-term effects of Head Start. They used data on young adults (in their 20's) who had attended Head Start in the 1960's and 1970's from the nationally-representative data in the Panel Study on Income Dynamics. This paper, entitled "Longer Term Effects of Head Start", finds long-run positive effects of early attendance in Head Start on education for whites (20% more likely to complete high school, 20-28% more likely to attend college), and reduced participation in undesirable behaviours for African-Americans (12 percentage points less likely to participate in criminal

activity), holding all other factors constant. These are remarkable long-term effects of a program that obviously changed the path of development of many young children.

The Carolina Abecedarian Project

The Carolina Abecedarian Project was an intensive experiment that provided full-day child care five days a week for fifty weeks a year to low-income, at-risk children. This experiment began when children were 6 weeks of age and studied four groups of randomly assigned children. The first group – the control group – received only family support services, pediatric care and child nutritional supplements. The first “treatment” group received high-quality centre-based child care services for the first five years of the child’s life and additional educational support services from kindergarten to Grade Two. The second “treatment” group received only the five years of early intervention child care. The third “treatment” group received only the kindergarten through Grade Two educational support services.

Early intervention child care services had positive effects on IQ scores, academic achievement and on the likelihood that a child would not be held back from passing a grade. The comparison group of similar children who only received early education support after reaching school age did not have the same positive effects. The study found that for these children, most of whom were from disadvantaged families, the effects were larger the earlier that participation in early childhood services began (Ramey and Campbell, 1987; 1991). Children who had participated in the preschool program had higher scores on tests of reading and mathematics achievement at 8 and 12 years. They were less likely to be held back from promotion to the next grade at ages 8, 12 and 15, and were less likely to be placed in special education.

The latest follow-up out to 21 years of age shows children who attended the preschool program had higher average test scores, and were twice as likely to still be in school or to have ever attended a four-year college.

The National Institute for Early Education Research has recently published (Masse and Barnett, 2003) a benefit-cost analysis of the Abecedarian Early Childhood Intervention, that reveals how broad and long-lasting the effects of this five-year program have been. The experiment involved 112 children, mostly African-American, whose family situations were believed to put them at risk of slowed development. On average, maternal education in experimental families was 10 years, maternal IQ was 85 and 55% of households were collecting social assistance. Masse and Barnett report a range of measures that deliver important benefits to participants and the community:

- Improved measures of intelligence and achievement over the long term, leading to higher earnings and fringe benefits now and in the future
- Lower levels of grade retention and placement in special education classes, leading to cost savings in elementary and secondary education

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- Improved employment and earnings of mothers of the children receiving early childhood education services
 - Reduced probability of smoking and improved health
 - Reduced use of social assistance

The costs of providing intensive high-quality child care in the Abecedarian program were high. For infants, there was one staff member to every three children; for two and three year olds, there were two staff members for every seven children; for four and five year olds, the ratio was one to six. All staff were paid competitive public school salaries. As a result, in 2002 dollars, the annual cost of care per child was nearly \$14,000 (U.S.). Nevertheless, the value of the benefits, discounted back to the present, was found to be considerably higher than the costs. At a discount rate of 3%, the benefits were about four times as high as the costs.

The literature on how child care affects the social and cognitive development of disadvantaged children has been carefully reviewed by several authors (Karoly et al., 1998; Love, Schochet, and Meckstroth, 1996; Lamb, 1998; Currie, 2000; Barnett, 1998). In the review prepared for the Rockefeller Foundation, Love and his colleagues wrote that “the preponderance of evidence supports the conclusion of a substantial positive relationship between child care quality and child well-being. Evidence for this relationship encompasses multiple dimensions of quality and diverse indicators of children’s well-being” (p. 3). Lamb’s review concluded that: “Quality day care from infancy clearly has positive effects on children’s intellectual, verbal and cognitive development, especially when children would otherwise experience impoverished and relatively unstimulating home environments.” (p. 104). The conclusion from this literature would appear to be that for children from disadvantaged families exclusively parental care is often insufficient for children’s developmental needs, and that children can be made better off by involvement in well-designed supplementary child care programs, and that these effects are long-lasting.

The Effects of ECEC Services on All Children

Because of the interests of researchers and the availability of funding, most of the early studies of child care, and especially the ones with funding to follow children for many years, concentrated on children from low income backgrounds and on specially-designed early childhood programs. However, more recent studies on groups of children from a mix of different backgrounds using regular child care services appear to have found similar results, especially if studies are able to identify better-quality programs. There are a number of ways of identifying better-quality programs, and different studies use different methods. Developmental psychologists and child care researchers agree that measures of process quality, which assess the quality of the child care environment in which

children play and learn as well as judging the quality of the teacher-child interactions, are the best way of measuring the features of a child care service that will promote child development.

Process quality is measured by trained observers, following carefully developed guidelines, in on-site observations of child care activities. Two well-known process quality measures are ECERS (Early Childhood Environments Rating Scale) and ITERS (Infant-Toddler Environments Rating Scale), although there are a number of other alternatives, or supplementary measures. A specially designed quality measure which allows for quality comparisons across different types of care, including informal and regulated care, is known as the ORCE (Observational Record of the Caregiving Environment).

The NICHD Study

The best study of the general effects of child care on all children is the one sponsored by the National Institute for Child Health and Human Development (NICHD) in a study that is still ongoing. This is virtually the only large and longitudinal data set to collect three crucial pieces of information (1) regular on-site measurements of the quality of different kinds of child care used by children over time, (2) regular assessments over time of the kind and quality of home care children are receiving, (3) detailed information about the changes in child care arrangements as children age. These items, together with detailed assessments of child outcomes and a host of child and family information makes this data set unique for looking at the long-term effects of quality child care on children.

Mothers in ten different centres around the United States were approached in hospitals where they were giving birth and asked to participate in this study. The final sample of about 1300 children and families has provided an enormous amount of data from the very beginning of their child's lives and the data collection is still continuing.

The study is unique in a number of ways. It has regularly collected (at 6 months, 15 months, 24 months and 36 months) good measures of the quality of non-parental child care the child received, no matter what the type or location of this care. Phone interviews were collected every 3 months to track hours and types of child care. The NICHD study also collected detailed information about the quality of care provided by mothers to their own children (using the HOME scale as well as an assessment of mother's sensitivity based on videotaped observations of mother-child interaction). The mental development of children was assessed at 15 months and 24 months using the Bayley scale, which is the most widely used measure of cognitive developmental status for children in their first two years of life. At 36 months of age, school readiness of children was measured using the Bracken School Readiness Scale, a scale that assesses knowledge of colour, letter identification, numbers and counting, shape recognition and ability to make comparisons. Further, expressive language skills

and receptive language skills were measured at 15 and 24 months using age-appropriate versions of the MacArthur Communicative Development Inventory (CDI) and at 36 months using the Reynell Developmental Language Scales. On top of that, detailed information about family characteristics and about changes in family characteristics over time, have been collected.

When children were 36 months of age, the researchers in the NICHD Early Childhood Research Network analyzed the effects of child care on children to that date. The analyses (NICHD, 2000) controlled for two different measures of the quality of maternal care provided at home, for the child's gender, for the mother's vocabulary level, for family income, and for type, amount and quality of child care used since birth. Holding this wide range of factors constant, this study found that the quality of non-parental child care mattered to virtually all measured child outcomes at 15, 24 and 36 months. In general, the higher the quality of care received, the better that children did on measures of cognitive functioning and language development. In particular, it was the language stimulation by caregivers that had significant positive effects on cognitive and language outcomes of children.

Further, in analyses which controlled for maternal vocabulary, family income, measures of the quality of care at home and child's gender, the effects of child care quality were compared to the effects of care provided exclusively by mother at home (defined as receiving less than 10 hours per week of non-maternal care). In language skills assessed at 24 months and in school readiness assessed at 36 months, the children who had received high quality child care scored significantly better than children who had only received care from their mothers. On virtually all measures, children in high quality care scored better than those from exclusively maternal care and those in low quality child care scored worse, although these differences were not always statistically significant (NICHD, 2000).

Does this mean that mothers' care is bad for children? Not at all. The results of the research done with that data so far show that the quality of child care and the quality of home care are both highly significant in affecting child development (with home care's effects being about twice as large as those of child care). The quality of child care affects all measures of development at different ages.

What this means is that good quality early childhood care, even for children before their third birthday, generally has positive effects in supplementing care provided at home. Good quality child care will have important positive effects on young children.

Non-parental child care is now second only to the family as an environment in which the early development of children unfolds. It is often the

setting in which children first learn to interact with other children on a sustained basis, first interact with children from other cultures, establish bonds with adults other than their parents, and receive language stimulus outside the family context. The positive or negative impacts of child care on children are of extraordinary importance to children, families and society as a whole.

Effects on Mothers' Employment and on Families

Early Childhood Education and Care policies matter to families and particularly to mothers, because mothers are, despite the changes in gender roles that may have occurred, the primary caregivers of children. Therefore, child care of some kind is a necessary complement to paid work. A recent report on work-family policy in Australia, the Netherlands and Denmark by the OECD put it this way:

“Family-friendly policies help parents, and potential parents, to match their care commitments to young children with their own preferences for participating in the labour market. Family-friendly policies, including improved access to affordable and quality childcare, arrangements to take leave to care for children, flexibility in workplace arrangements, financial incentives to work, and, employment support for jobless parents, provide a key to better employment opportunities for families with young children. As such, family-friendly policies help both fathers and mothers to simultaneously increase the living standards of the family, fulfil individual aspirations to have both a career and a family, and give their children the care and support they need. Hence the reconciliation of work and family life is an important goal in itself.

But the importance of the reconciliation of work and family life also lies in the fact that getting the right policy balance will promote other societal goals. Aggregate labour supply and employment will be increased; stable secure sources of income for families fostered; gender equity facilitated; child development supported; and independence promoted.” (OECD, 2002, p. 3)

The price, availability, quality and convenience of ECEC services are only one set of factors, amongst many others, determining the labour force participation of mothers of young children, and the division of parenting and employment responsibilities amongst parents in a family. However, the best estimates suggest that a 10% fall in the price of child care, all else equal, will raise mothers' employment by about 3%-4%, and by a larger amount for single mothers (see Cleveland, Gunderson and Hyatt, 1996). Women already make a very substantial contribution to the Canadian economy; their lifetime employment and human capital decisions are sensitive over time to changes in ECEC policy.

CHAPTER THREE

CHILDREN AND EARLY CHILDHOOD EDUCATION AND CARE POLICIES AND PROGRAMS IN ONTARIO

This chapter is organized in two parts. The first part describes the current ECEC policies and programs in Ontario, together with some analysis of the recent evolution and trends of development of these policies and programs. The second section provides evidence from statistical indicators on the state of Ontario's children.

PART 1 – CURRENT POLICIES AND PROGRAMS

The five general categories include:

- Kindergarten
- Regulated child care programs
- Cash Benefits
- Support Services (such as family resource centres and Early Years Centres)
- Unregulated Child Care

Kindergarten

Since 1867, Ontario has exercised responsibility for young children in the fields of health, education and social services. Public school kindergarten programs are operated within provincial jurisdiction under the auspices of the Ministry of Education. Kindergarten programs are free and non-compulsory.

The authority for Ontario's kindergarten program is found in the Education Act, R.S.O. 1990 and the Education Quality and Accountability Office Act, 1996. Ontario's school boards operate the province's publicly-funded schools and administer the funding they receive from the provincial government. Ontario is one of three provinces that continues to fund and deliver denominational education. Both public and Catholic school boards operate the schools in the province. There are 72 District School Boards made up of 31 English language public boards, 29 English-language Catholic boards, 4 French-language public boards and 8 French-language Catholic boards. A small number of Ontario schools are operated by School Authorities such as schools in hospitals and treatment facilities and schools in remote and sparsely-populated regions.⁴

School Boards offer part-time *kindergarten* programs (usually for 2 to 2-1/2 hours per day) intended for all children from 4.8 to 6 years, funded by the provincial government. The provincial government also funds part-time junior

⁴ Ministry of Education

kindergarten (for children aged 3.8 to 5) if the school boards choose to operate them. Some school boards operate full-day Kindergarten programs⁵ but these have been reduced since 1998 due to the impact of changes in the provincial funding formula for schools, including the impact on transportation. In the early 1990's, the Ontario Government decided to require all school boards to offer junior kindergarten services. This requirement was eliminated in 1996. School boards are still permitted to offer junior kindergarten programs but this is now a discretionary service, with funds coming out of tight budgets. Only one school board (Upper Grand, near Guelph) does not currently offer junior kindergarten, but other school boards have been forced to cut back services to fewer schools and bump up class sizes, or cut other programs in order to maintain junior kindergarten. Some kindergarten programs now have up to 28 children in the classroom. The average class size is estimated to be 24 children across the province.⁶ In the early 1990's, the Ontario Government mandated the location of child care centres in new schools; this requirement was cancelled by the succeeding government. As a result, new schools in expanding areas do not have child care services to complement kindergarten programs.

Teachers in kindergarten must have an Ontario Teacher's Certificate, with a qualification for teaching in the Primary Division (Kindergarten through Grade 3). This Primary qualification may be received in a pre-service education program or an in-service education course. An "additional qualification" in kindergarten teaching is currently going through the College's accreditation process and this may encourage training specific to the needs of kindergarten teachers. A few universities offer kindergarten electives providing students with the philosophical and pedagogical underpinnings found in Piaget, Maslove, etc. together with some instruction on classroom management and study of the curriculum. Student teachers are then sent to do a placement. Usually, professional development training for new kindergarten teachers is done by existing kindergarten teachers in workshops with up to 200 teachers attending.

School boards set the criteria for hiring teaching assistants; the Ministry of Education has no information on the qualifications of education assistants. Teachers negotiate their rate of pay through their trade union, the Elementary Teachers Federation of Ontario; the Ministry of Education was not able to provide information on the average salaries of kindergarten teachers separate from other teachers.. Teaching assistants are generally not unionized.

The objectives of the Kindergarten program are to:

⁵ Prior to 1998, 10% of senior kindergarten children attended kindergarten for a full day. Since the introduction of the funding formula, there is no additional funding for full-day programs and consequently school boards now have to choose between offering full day kindergartens or other programs. As a result, the number of full-day kindergarten programs has been reduced.

⁶ Information provided by the Elementary Teachers Federation of Ontario; figures not available from the Ministry of Education.

*help children broaden their base of information, form concepts, acquire foundation skills and positive attitudes to learning, and begin to develop their abilities and talents in a wide range of areas. It is also designed to prepare children for the Ontario curriculum for Grades 1 to 8.*⁷

Comprehensive learning expectations are contained in the Kindergarten Curriculum laid out by the Ministry of Education. Boards decide how the expectations can best be achieved within the program offered

It is expected that by the end of Kindergarten, for example, children will accomplish specific skills in the categories of language, mathematics, science and technology, personal and social development and the Arts.⁸ Some teachers find that this curriculum has put pressure on teachers to “get the tasks done”, rather than achieving learning more effectively through structured play. Most of the education financial statistics for kindergarten programs are subsumed under those of elementary education. The Childcare Resource and Research Unit at the University of Toronto has estimated total provincial spending on junior and senior kindergarten to be \$383 million and \$439 million respectively for the year 2001.

There were 134,648 children enrolled in Senior Kindergarten in 2001-02 (just over 10,000 of them on a full-day basis). In the same year, there were 115,196 children enrolled in Junior Kindergarten (Ministry of Education communication, June 2003). It is estimated that about 98% of eligible children attend Senior Kindergarten and about 84% of children who are of Junior Kindergarten age are able to attend. The Ministry has no information on the average class size in SK or JK, nor on the enrolment of children with special needs.

Kindergarten programs are well established and are the only truly universal ECEC program offered to Ontario children under the age of six.

⁷ Ministry of Education.

⁸ **Language:** identify and be able to print letters of the alphabet, their own names and some short words; write simple messages using pictures, letters, phonetic spelling, and familiar words **Mathematics:** count orally to 30 and recognize and write numerals from 1 to 10; use some standard measuring devices appropriately (tape measure, thermometer, clock, etc.); demonstrate awareness of addition and subtraction in everyday activities. **Science and Technology:** describe some natural occurrences using their own observations; identify patterns and cycles in the natural world (e.g., life cycle of a butterfly); describe characteristics of natural materials and demonstrate understanding of some basic concepts related to them **Personal and Social Development:** By the end of Kindergarten, for example, children will: use a variety of simple strategies to solve social problems; identify and apply basic safety rules; investigate and describe familiar geographical features in their own area; **The Arts:** use pictures, sculptures and collages to represent ideas; identify elements of visual images, such as colours, and variations in shape and size; demonstrate understanding of rhythmic patterns;

However, these are viewed exclusively as “educational” programs with no attempt to meet employment needs of working parents. Kindergarten is clearly very well accepted by parents and beneficial to children but it is separated locationally, jurisdictionally and culturally from other ECEC programs. As a result, kindergarten children may participate in several ECEC settings during the day (e.g., before kindergarten, kindergarten, after kindergarten). Depending on the arrangements this can be difficult and stressful for children and parents. The Toronto First Duty Project, funded by the City of Toronto and the Atkinson Foundation has developed a pilot project in five centres to explore possible options for integration of kindergarten and other ECEC services.

Evaluation of program effectiveness is not mandated. The focus is on assessment of individual children through report cards and testing at Grades 3, 6, 9 and 10 plus the national and international testing organized through the Education Quality Accountability Office with a \$50 million budget. Despite the dollars available for testing, there are very limited resources to do the extra follow up work to help children who are having problems to improve. The government’s present goal is to move to annual testing.

Regulated Child Care

Centre-based Care:

Even though the first child care centre in Ontario, The Creche in Toronto, was established as early as 1881, current child care policy in Ontario mirrors the policies established during the Second World War when 28 day nurseries were established in Ontario to provide services to provide care for preschool children of women workers needed for the war effort. Since that time, child care has been shaped based on the needs of working mothers. Historically, the provincial government’s role was to pass legislation to license and regulate child care programs in the province and to cost share the operating costs of the services on behalf of working parents deemed to be “in need” or whose children were deemed to be “at risk”.

Regulated child care in Ontario is primarily governed by the Day Nurseries Act and Regulation, Revised Statutes of Ontario, 1990, amended by The Services Improvement Act, effective January 1, 1998 and Ontario Regulation 262, 1990 (amended 1998, 1999). The Act provides for licensing, monitoring and enforcement. The Regulation sets out the standards and regulations for the operation of these group programs, including maximum child:staff ratios, group sizes, minimum staff qualification requirements and guidelines for parental involvement.

The Ministry of Community, Family and Children’s Services (MCFCS) has responsibility for developing policy and legislation, coordinating planning, licensing child care programs, ensuring compliance with the regulations,

administering funding on a cost-shared basis with the municipalities (80% provincial/federal:20% municipal). MCFCS is a decentralized ministry with nine regional offices. The Early Years and Healthy Child Development Branch is responsible for policy and the development of legislation. Ministry Program Advisors based in the regions license child care programs, monitor them and enforce the Act and its Regulation through an annual licence renewal process to ensure compliance with the regulatory standards. Non-compliance of a serious nature may result in a refusal to renew or revocation of licence. Operators have the right to appeal to the Licence Appeal Tribunal. Legislation provides authority for immediate closure if children's well-being is in danger.

In 1966, the federal Canada Assistance Plan was introduced providing for federal funding of 50% of the costs of fee subsidies for Ontario low-income families using child care. In 1978, the Day Nurseries Act was extended to require licensing of private home day care agencies and regulations for private homes (often known as regulated or licensed family home child care) were introduced as amendments to the Regulation in 1984.

Responsibility for managing the delivery of child care services was transferred to 47 Consolidated Municipal Service Managers (CMSMs) or District Social Services Administration Boards (DSSABs) in 1998. CMSMs are required to develop local three-year service plans, including service targets and levels according to provincial guidelines on local service planning. These plans are reviewed by the province on an annual basis.

The provincial government reports that there are 3,762 licensed child care centres in Ontario, with 176,162 spaces for children. Currently, there are 189,172 children in those spaces. There are 140 regulated private home day care agencies, with 7,749 approved homes enrolling 18,112 children. In total, then, 207,284 children are served in licensed facilities. Not all of these children are 0-6 years (in 2001, provincial officials estimated that 55,000 spaces were serving children of school-age – 6-12 years). If the breakdown of centre child care use by age of child has stayed the same as the estimates provided by provincial officials in 2001 to the Childcare Resource and Research Unit, the following would be the number of child care centre spaces by age: infants (0-18 months) – 5,567 spaces; toddlers (19-30 months) – 18,057 spaces; preschoolers (2 ½ - 5 years) – 83,466 spaces; Junior Kindergarten – 6,395 spaces; Senior Kindergarten – 6,677 spaces; school-age (6 – 12 years) – 55,984 spaces.

The provincial government indicates that in 2001/2 there were 87,232 children served under regular fee subsidies for child care. This figure represents the total number of children served over the course of a year; at any one time, on average, there are 52,135 children receiving subsidy on a full-time-equivalent basis. In addition, Ontario Works client families receive subsidy under different legislation and regulations. Over the course of the year, there were 16,025

children who received Ontario Works subsidies and used licensed child care services. It is not clear how many spaces were devoted to Ontario Works clients since these figures are not on a full-time equivalent basis. Other Ontario Works clients used informal care and received subsidies.

Calculated approximately, somewhere between 25% - 30% of Ontario's child care spaces are occupied by children who are subsidized. This appears to be a substantial decrease since 1995-96 when 47% of the spaces in the licensed child care system were subsidized (Govt. of Ontario 1996). The government does not have information on the characteristics of the families who receive child care subsidy (e.g., how many in lone parent families, what income levels served, the number employed full or part time, ages of children), nor can it track subsidy recipients longitudinally. The provincial government therefore has little ability to judge how well the subsidy system is meeting any objectives it might have.

The median full monthly price to parents of full-time ECEC in a child care centre in Ontario has been estimated (in 1998) to be \$783 for infants, \$603 for toddlers, and \$541 for children of preschool age (3 – 5 inclusive) (Doherty et al., 2000). The annual fee is therefore about \$9,400 for an infant, \$7,200 for a toddler, and \$6,500 for a preschooler.

Quality in child care centres is typically measured for research and evaluation purposes using scales such as the Infant-Toddler Environments Rating Scale (ITERS) and the Early Childhood Environments Rating Scale (ECERS) and the Family Day Care Rating Scale (FDCRS). Trained observers score classrooms on a 35-43 item scale in a measurement exercise lasting for at least several hours. A study in 1998, funded by the federal government and conducted by a network of university researchers, has provided one of the first quality assessments of Ontario child care centres and licensed family homes. Data were collected in 122 infant-toddler rooms and 227 preschool rooms in 234 child care centres and 231 regulated family home child care providers across six provinces and one territory providing comparative quality estimates. Data in Ontario were collected in three urban-suburban areas: the Brampton-Milton-Oakville triangle, Ottawa and Thunder Bay, from 40 child care centres and 39 regulated private home day cares. The ITERS, ECERS and FDCRS scales are 7 point scales, where scores of 1, 3, 5 and 7 are associated with the terms inadequate, minimal, good and excellent respectively.

The average score in Ontario for infant-toddler care in a centre was 4.1, lower than British Columbia (5.6), Yukon (5.2), Alberta (5.1), and Saskatchewan (4.2), but higher than scores in Quebec⁹ and New Brunswick. Ontario centres for infants and toddlers scored particularly poorly on learning activities and personal

⁹ As Quebec's recent reforms only began to be phased in in 1997, these quality measurements (taken in 1998) actually reflect the situation prior to the reforms. Since the implementation of the reform, quality has become a major focus for the Quebec child care system.

care routines. The average score in Ontario for preschooler care in a centre was 4.9, lower than British Columbia (5.6) and Alberta (5.1) and the same as the Yukon, but higher than other jurisdictions. The lowest scored item in Ontario was “learning activities”. In family day care homes in Ontario, the average FDCRS score was 3.9, lower than any other jurisdiction (British Columbia – 5.5, Yukon – 4.6, Quebec – 4.5, Saskatchewan – 4.5, Alberta – 4.2, New Brunswick – 4.2). The lowest scored sub-scale in the FDCRS in Ontario was “basic needs” followed by “learning activities”. Despite the fact that this is the largest study of its kind ever conducted to assess quality in child care in Ontario, these results have been dismissed by the Ontario Government¹⁰ and there has been no programmatic or other response to the study’s findings.

Regulated Family Home Day Care

The provincial policy for supervised private home day care (family child care) is also defined by the Day Nurseries Act and Regulation, providing for the licensing, monitoring and enforcement of the Act by licensing private home day care agencies. As for centre-based care, the Regulation sets out standards and regulations for the operation of these agencies.

Care may be provided in homes for up to five children from 0-12 years of age and supervised by a licensed agency. Agencies enter into agreements with caregivers to provide child care and provide supervision as specified in the Regulations. Caregivers are not required to have qualifications. Program advisors also inspect homes to ensure private home day care agencies are in compliance with the Regulation. As indicated above, there are 140 regulated private home day care agencies, with 7,749 approved homes enrolling 18,112 children. The province does not have available statistics on the numbers of full and part-time children in private home day care, or their ages. The Ministry also does not have information on the number of subsidized children using private home day care.

Children with Special Needs

Children with special needs are also accommodated within Ontario’s regulated child care system. There is no written policy, but the government encourages integration and inclusion of children with special needs into community child care services. As with centre-based child care, the responsibility for children with special needs was transferred to the municipal Consolidated Municipal Service Managers (CMSMs) or District Social Services Administration Boards (DSSABs) in 1999. Special needs funding programs provide assistance for staffing, equipment, supplies or services to support the inclusion of children with special needs in child care. The provincial government no longer collects statistics on these children and their use of the services. The last time this data

¹⁰ communication with Peter Rzakki, ADM for the Integrated Services for Children Division of MDFCS.

was available, in 1998, there were estimated to be 19,212 children with special needs in regulated child care.

Aboriginal Child Care

Child care programs on reserves are administered by Indian Bands. The Day Nurseries Act treats Indian Bands like municipalities for the purpose of child care funding and administration. Expenses are cost-shared with the federal government through the 1965 Canada-Ontario Agreement Respecting Welfare Programs for Indians. The Ontario government funds and licenses on-reserve child care. As of September 2002, there were 86 licensed child care centres on reserve with a licensed capacity of 2,756 children.

Thirteen child care centres off-reserve also serve aboriginal children and in 2002 they had a licensed capacity of 407. There were three private home day care agencies offering care in 61 homes for aboriginal children.¹¹

Funding

Provincial funding for regulated centre-based programs includes fee subsidies, wage subsidies, special needs resourcing, some resource centres and some funding from Ontario Works Child Care and the Learning, Earning and Parenting Program (LEAP).

The main form of funding available in the regulated child care sector is fee assistance paid directly to licensed service providers on behalf of eligible parents. The fee subsidy program is administered by the 47 CMSMs or DSSABs and Indian Bands. The CMSMs/DSSABs are responsible for 20% of the approved costs. Eligibility for subsidy is determined by a provincially-determined needs test. Municipalities can determine the rates within a range, creating considerable variation across the province. No province-wide maximum income levels for full or partial fee subsidies exist. The provincial government does not set a maximum subsidy level per child and so the maximum subsidy per child per day varies across the province based on the actual cost of service which varies by type and geographical region and is, in the end, determined by the CMSMs/DSSABs. Income ceilings and other factors vary from one municipality to the other. Housing, telephone, heat, travel, insurance, support payments, cable TV, diaper costs are some of the costs factored into the needs assessment. There is no provincial maximum value of a user fee, but most subsidized parents are charged a user fee. The provincial government does not require needs testing for children with special needs although some municipalities have introduced a needs test. The provincial government has no information available on the average net income of families receiving child care subsidies.

The provincial government permits subsidization up to the full cost of the program. Municipalities may allocate a specified number of subsidized spaces to

¹¹ Friendly, Beach and Turiano, 2002, p. 48.

particular programs or allow spaces to float wherever they are needed. There is a province-wide cap on the total budget rather than on the number of spaces available. This results in lengthy waiting lists of eligible parents in many communities. Meeting the eligibility requirements does not guarantee a subsidy or a space. Student parents must declare their loans as income in a needs test and students are ineligible for welfare. RRSPs are now counted as liquid assets; in general, families are expected to spend their liquid assets before seeking subsidy assistance – parents with more than \$5,000 of liquid assets are ineligible for subsidy. Parents looking for work or in between jobs are no longer eligible for subsidies.

In 2001/2, the provincial expenditure breakdown for child care was as follows:

	<i>\$million</i>
Fee subsidies	281.4
Ontario Works child care	116.9
Family Resource Centres	21.0
Special Needs Resourcing	43.3
Administration	18.8
Broader Public Sector	1.3
TOTAL	516.4

Taking 25% of the relevant provincial totals as the probable municipal contribution, we can estimate that total municipal cost-sharing in 2001/2 amounted to \$111.3 million. Including the value of fee subsidies, the average percentage of child care centre revenues from government sources in Ontario has been estimated at 53% (Doherty et al., 2000). These figures are from 1998. The average contribution of parent fees was estimated to rise from 42% in 1991 to 47% in 1998. The average annual provincial expenditure on regulated child care per child 0-12 years in Ontario was \$232 in 2001.¹² British Columbia, Manitoba and Quebec spent more per child than this; other provinces spent less.

A report by the Childcare Resource and Research Unit (Friendly et al., 2002) shows that, controlling for inflation, total provincial spending on regulated child care (i.e., not including kindergarten or Ontario Works child care) was \$495 million in 1992, rose to \$611 million in 1995, and has fallen to \$509 million in 1998 and further to \$452 million in 2001. Over the same period of time, the number of regulated centre-based child care spaces rose from about 146,000 to just over 173,000. The number of approved family homes has fallen from 8,300 to 7,749.

¹² Friendly, Beach, Turiano, 2002

The funding for fee subsidies for children from low-income and other families declined from \$389 million in 1995-96 to \$324 million in 1998 to \$281.4 million in 2001-02; the number of full-day equivalent spaces for these children also declined in the period from 73,400 in 1995-96 to 52,135 in 2001/02.

The Current State of Regulated Child Care in Ontario

Currently, regulated child care in Ontario is a market service, provided largely by non-profit and community organizations. Services are sold to parents, with municipally-based organizations providing subsidies to some low-income and other families. Regional offices of the provincial ministry perform licensing and inspection functions in most areas. The province provides an incoherent system of wage enhancement grants inherited from a previous provincial government. Ontario Works clients are separately subsidized, with different rules. The provincial government provides funding for extra resources needed to integrate special needs children in child care programs.

The child care sector is experiencing important problems currently. Many of the problems relate to funding. The total provincial budgetary allotment for regulated child care has not risen in real terms since 1992, despite apparently significant growth in the number of children using the services, the number of children receiving subsidies, and the annual cost of services. The municipalities have had to provide additional funds for their 20% portion of wage subsidies, family resource centres, special needs funding and administration costs. These were previously wholly funded by the provincial government, or, in the case of administration costs, were cost shared with the municipalities on a 50%-50% basis.

Provincial funding for major capital improvements or expansion was eliminated in 1995-1996. If municipalities have funds left over in their budgets at the end of the year, the provincial government will entertain an application to cost share 50:50 with the municipality to provide some minor capital used for health and safety purposes.

There have been a number of changes to subsidization of families. A new class of subsidies were created for Ontario Works clients. These subsidies could be used for either licensed ECEC or unlicensed informal services. However, funding for Ontario Works only covers the actual hours of work or study, not an allowance for transport to and from the centre or facility. This often does not cover an entire full-time slot and it is difficult for centres to juggle clients to fit time slots or to absorb the loss in revenue.

The provincial government sets the general framework of rules for subsidy eligibility which are applied by each municipality. The fundamental test of

subsidy eligibility involves a comparison of necessary expenditures to income (a needs test). However, there is also an asset requirement. Recently this has been changed so that RRSP's are considered to be a liquid asset. Anyone with an RRSP over \$5,000 is ineligible for child care subsidy.

On top of these difficulties, child care centres are threatened by the cuts to the school system resulting in loss of space or increased cost of space.

There is some hope of at least modest amounts of increased provincial funding for regulated child care in the near future. Recently, as a supplement to the ECDI agreement, the federal and provincial/territorial governments (except Quebec) signed the Multilateral Framework Agreement which provides nearly \$1 of federal funding over five years to support investments in early learning and child care, in particular. The objective of this initiative is to promote early childhood development but also to support the participation of parents in employment and training by improving access to affordable, quality early learning and child care programs and services. As the Agreement indicates, approaches to early learning and child care will be based on the principles of availability and accessibility, affordability, quality, inclusiveness and parental choice.

The quality of ECEC services provided is a major concern in the context of limited resources. As indicated above, the best evidence available indicates that the average quality of care in child care centres and regulated family homes in Ontario is somewhere between mediocre and good, lower than needed to assure positive child development outcomes. Quality scores in child care centres were considerably higher, on average, in Alberta and B.C., and were higher in nearly all other jurisdictions for family home child care.

Child care services in Ontario apparently do not have quality as "Job One"; the first priority appears to be to juggle scarce resources to keep facilities operating. A first priority should be to improve expectations of leadership in child care programs. The current required qualifications for a supervisor/director in a child care centre are a two-year ECE diploma. This is unlikely to be adequate preparation for providing pedagogical and programmatic leadership, along with all the administrative and financial requirements of the job.

It is true that many municipalities (i.e., CMSMs and DSSABs) have taken steps to assist programs to improve quality. Many offer workshops and facilitators to assist in quality assessment and improvement. Some CMSMs and DSSABs have their own directly-operated centres which are operated as role models for other local programs.

Quality issues in regulated programs do not appear to have been recognized at the provincial level. None of the federal ECDI money has been

spent in quality enhancement for regulated programs and there has been no response to the evidence about quality programs from the *You Bet I Care!* data.

The final issue in relation to regulated child care services is information and data. CMSMs and DSSABs are now required to file service plans every three years with annual updates. This ensures that local authorities conduct a public review of service needs on a regular basis. CMSMs and DSSABs are also required to file quarterly reports to regional offices, through the Child Care Service Information Management System. CMSMs and DSSABs dutifully provide information about children and families receiving subsidy, about service levels and reports on vacancies. The local authorities also provide financial data. Metro Toronto has its own data collection system with extensive reporting capacity including a mapping facility which shows system capacity and use levels updated daily. Maps are provided on the internet showing potential clients where vacancies are available.

In 1998, the Ontario Government planned to set up a Data Clearing Warehouse to assemble these reported figures into provincial totals. Apparently, this has never quite been completed. As a result, the Ontario Government does not appear to have accurate and accessible data records about many key aspects of child care services across the province (e.g., profiles of users of services or subsidies by age or service type, average cost of services, quality levels, vacancies, etc.) Some other provinces (especially Alberta and Quebec) have very good data collection and management systems for their ECEC services (see Cleveland, Colley, Friendly and Lero, 2001). In Ontario, because of a lack of accurate and timely data, the accountability of the provincial government for ECEC services is compromised. The ability of the provincial government to monitor services and plan system developments is similarly compromised. Further, a lack of information prevents community bodies from being able to analyze and judge the development of ECEC services in Ontario.

Cash Benefit Programs

A variety of cash benefit programs related to the costs of ECEC Programs are funded by both the federal and provincial government to assist with the costs of child care or time off work in lieu of child care.

Pregnancy and Parental Leave (and Federal Benefits)

The province of Ontario legislates job protection during pregnancy and parental leave under the Employment Standards Act. The federal government provides compensation to mothers who have been employed for at least 600 hours in the last year, generally at a rate of 55% of the previous wage up to a maximum of \$419 per week, under the Employment Insurance Act. Benefits after the first fifteen weeks can be taken by the father or shared. Birth mothers are entitled to take 17 weeks of pregnancy leave. New parents can take up to 37 weeks of leave;

maximum allowable job-protected leave means parents could be at home for up to 89 weeks. (17 weeks pregnancy leave – birth mother; plus 35 weeks of leave (birth mother); plus 37 weeks of leave (other parent))¹³

The Ontario Child Care Supplement for Working Families

In 1998 the Ontario Government replaced the Ontario Child Care Tax Credit with the Ontario Child Care Supplement for Working Families (OCCS). The Ministry of Finance reports that the OCCS is designed to promote attachment to the labour force and expand child care choices for families by providing direct assistance to working parents with young children who do not receive direct child care subsidies. The OCCS is a tax-free monthly payment that benefits low to moderate income working families with children under the age of 7. The payments increase the benefits of working and ease the transition from welfare to work for these families.¹⁴ Maximum annual benefits are \$1,100 per child for two-parent families and \$1,310 per child in single-parent families.

This program is targeted to families earning at least \$5,000 in family income. Above \$20,000 of net family income (soon to change to \$20,750), OCCS payments are reduced by \$80 for every \$1,000 of additional net family income. In other words, two parent families with a single child would cease receiving any OCCS payment at about \$34,000 of net family income. Two-parent families with one stay-at-home parent are also eligible. Although, the provincial government classifies this as a “child care” program, it is a child care program in name only. There is no requirement that funds are spent on child care or to benefit children, although only families who have children are eligible. Really it is an income supplementation program for families with at least one parent employed, which therefore encourages employment. Benefits per child averaged an estimated \$669 per year (\$13.38 per week for 50 weeks) in 2000-2001.¹⁵ The total cost of the program each year is over \$200 million. Last year, 222,000 families with 367,000 children under age 7 benefited from the OCCS, which is virtually 100% take-up.

Child Care Expense Deduction

The Child Care Expense Deduction (CCED) is a federal tax measure which allows eligible taxpayers to deduct the cost of child care used to earn income, go to school or conduct research from their taxable income. Generally this deduction must be claimed by the lower income spouse. The CCED allows deduction of expenses up to \$7,000 for each child less than 7 years of age and up to \$4000 per year for each 7 – 16. The tax savings available depend on the marginal tax rate of the parent claiming the CCED. Because Ontario has adopted the federal definition of taxable income for the calculation of provincial income

¹³ HRDC

¹⁴ Communication with Tom Sweeting, ADM, Ministry of Finance, April 22, 2003.

¹⁵ Pauline O'Connor, *Child Care in Ontario, 2002, unpublished paper*

taxes, the CCED also reduces Ontario taxes otherwise payable. For the 2000 taxation year, approximately 395,000 taxfilers in Ontario claimed \$1.43 in deductions for an average of about \$3,620 of deductions per taxfiler (worth about \$905 in tax savings if the marginal tax rate was 25%, for example). The above figures refer to children of all eligible ages. Approximately 250,000 taxfilers claimed a deduction for children under 7 years of age for the 2000 taxation year.

It should be noted that the Child Care Expense Deduction does not reduce the amount of the parent fee that has to be paid for child care. Rather, the CCED reduces the tax that would otherwise be paid on the income used to pay for child care. Therefore, the Child Care Expense Deduction plays an important role in increasing horizontal tax equity between different types of families in Ontario. As the Ministry of Finance puts it “Horizontal equity in the taxation system requires that persons in similar circumstances bear an equal tax burden. Individuals who incur child care costs are less able to pay income tax. This deduction recognizes this reduced ability to pay tax faced by parents with young children.”¹⁶

The Workplace Child Care Tax Incentive

This tax incentive was introduced in 1998 to encourage businesses to build and renovate on site and community-based child care facilities. Corporations receive a bonus tax deduction of 30% on qualifying expenditures. Unincorporated businesses receive a 5% refundable tax credit. The provincial government spent approximately \$10 million a year on this program in 1998-99 in foregone tax revenues.¹⁷ The Ministry of Finance does not have more detailed figures on recent take up and expenditures but thinks that the program has not been very active.¹⁸

Support Services (Family Resource Centres and the Early Years Centres, etc.)

Family Resource centres (also known as child care resource centres) have historically provided support services to parents and caregivers in their caregiving roles. The centres offer drop-in programs, resource lending libraries, playgroups, training opportunities and educational workshops. Responsibility for Family Resource Centres, as part of the child care service sector, was devolved to the municipalities and cost-shared by the provincial government (after 1998) on an 80% provincial-20% municipal basis.

In response to the federal-provincial-territorial ECDI Agreement, the Ontario Government launched its Early Years Plan in May, 2001. This plan has funded a wide range of worthy programs related to infant development, children’s

¹⁶ Communication with Tom Sweeting, ADM, Ministry of Finance, April 22, 2003.

¹⁷ Tax Revenue Division, MOF (hopefully)

¹⁸ Ministry of Education, Interview with Tom Sweeting, ADM, Office of The Budget and Taxation, April, 2003.

mental health, autism, teen parents, the Healthy Babies-Healthy Children program (prenatal and postnatal screening and other services), Aboriginal child nutrition, Fetal Alcohol Syndrome programs, Prenatal and postnatal services, public education and awareness, injury and abuse prevention/treatment, screening and risk assessments. Most of these programs are health programs and although crucial for healthy child development they do not fit into our definition of ECEC.

The centrepiece of this plan has been the funding of the Early Years Centres – one in each provincial riding, with satellites in some ridings. The centres, by their mandate, do not offer child care services. Largely, they are a better-resourced parallel system of family resource centres, most of which already existed under the jurisdiction of the CMSM/DSSABs.. They provide workshops and seminars, some literacy programs, nutrition programs, drop-in programs, and information and other resources for parents and caregivers of children. Their objectives are to enhance healthy child development and school-readiness of children 0-6 and to help parents connect with other community services. Forty-two of these centres became operational in Phase 1 and 103 (one in each provincial riding) will be operational by the Spring of 2003. After a lengthy planning process, existing family resource centres in many cases assumed the role of “Early Learning Centres” operating under separate jurisdiction from existing child care programs and accountable directly to the provincial government (no municipal cost-sharing or responsibility. See Appendix D for a full list of program allocations).

Table 1 goes here...



Early Years Challenge Fund

ECDI funds were also allocated to the Early Years Challenge Fund which is designed to complement the government's other early years initiatives, including the Ontario Early Years Centres. Communities apply directly to the province to undertake early care and learning projects in their communities in partnership with community business, community and faith organizations, the voluntary sector, service providers and all levels of government. The Early Years Challenge Fund matches community contributions to support innovative projects that meet the needs of children and families. Funding is available from 1 to 3 years

Ontario's Promise: The Partnership for Children and Youth

Another arm of provincial policy includes "Ontario's Promise: The Partnership for Children and Youth" chaired by Mike Harris. Modelled on "America's Promise", Ontario's Promise brings corporations, organizations, foundations, volunteers, non-profit agencies to keep the five key promises at the core of the province-wide program launched in November, 2000. Two years later, Ontario's Promise has 450 partners who have signed on and made commitments giving more than \$46 million more.

Health Canada

Health Canada provides additional funding for *Aboriginal Head Start Programs*. In 1998, there were 10 off-reserve programs although this was later expanded to include on-reserve communities also.

Ontario also has 39 *Community Action Program for Children (CAP-C)* which encourages early investment in children so that they get a better start in life, are ready to start school and so that their chances to participate fully in society as adults are enhanced. Community Action focuses on prevention; its purpose is to enable communities to develop a continuum of integrated services to promote the health and social development of at risk children and their families. Services incorporate education and intervention

McCain and Mustard and the Early Years Centres

In 1998, Ontario's Premier asked Dr. Fraser Mustard and Hon. Margaret McCain to make recommendations about initiatives to promote early childhood development in the province, in line with recent research on the critical importance of the early years. Their report, *The Early Years Study* set out an ambitious plan for the integration and expansion of early child development programs and initiatives into a network of community-based early child development and parenting programs across Ontario, serving all preschool children.

In 2000, the Early Childhood Development Initiatives Agreement provided for \$2.2 of federal funds to flow over 5 years to provinces and territories. In response to the ECDI Agreement, the Ontario Government launched its Early Years Plan in May, 2001. The centrepiece of this plan has been provincial funding of the Early Years Centres. The centres, by their mandate, do not offer child care services. However, they do provide workshops and seminars, some literacy programs, nutrition programs, drop-in programs, and information and other resources for parents and caregivers of children.

The establishment of the network of Early Years Centres has occurred apart from the major existing ECEC services in Ontario: licensed child care centres and family homes are explicitly excluded from being integrated in the services provided, and there are no links with early education in schools. The services initially provided in Early Years Centres duplicated many of the services already provided by family resource centres which were managed by CMSMs and DSAABs in local areas. The Early Years Centres are directly operated by the province and are unconnected to the local service planning process. Generally, the services and information provided by the Early Years Centres are worthwhile and well-resourced. Their mandate is to help all parents or caregivers to provide their young children with the best possible start in life.

McCain and Mustard, in a three-year follow-up to their original study, have criticized the government for not putting non-parental ECEC services at the centre of community-based Early Years programming and for apparently targeting services only to children at-risk and with special needs (2002, pp. 29-34). McCain and Mustard write that the Early Years Centres:

“appear to be largely advisory centres in relation to community initiatives that could help parents have access to treatment services as well as providing advice to parents....Very few are connected to the education system in Ontario and most are not part of core ECD program components that already exist in communities.... The guidelines for the Early Years Centres exclude nonparental care, ignoring the recommendations of the *Early Years Study*, developments in the rest of the world, and repeated feedback from communities across the province about the importance of quality nonparental care.” (McCain and Mustard, 2002, pp. 30-31)

activities. The CAP-C program is jointly managed by the federal and provincial governments.

Unregulated Child Care

A maximum of five children (not including the caregiver's own children) are permitted in private homes. Funding from the Ontario Works Program (announced in 1996 and phased in between 1997 and 1998) Ontario Works requires able welfare recipients to participate in either training, employment or community placement if they have been receiving welfare for more than four months). This program provides child care assistance to Ontario Works participants only for the periods when the child care is actually required so that parents can work or attend school. Ontario Works child care funding can be spent on either regulated or unregulated child care because these spaces are not governed by the Day Nurseries Act. Municipalities manage the program delivery and contribute 20% of the cost of any child care spaces.

The Ontario Works Program is supplemented by the Learning, Earning and Parenting Program targeted to 16 and 17 year old mothers who are not independently eligible for welfare and must access welfare as parents' dependents. They must finish high school, take parenting classes, develop skills necessary to leave Ontario Works. Mothers aged 18-21 may also participate in LEAP voluntarily. The program provides participants access to school, parenting classes and all other Ontario Works supports such as transportation, child care and counseling up to a maximum of \$4,500 per annum per participant. Successful graduates receive a \$500 bursary. The number of participants or the average costs per participant is not known. Also, the number of mothers needing child care is also unknown as well as the amount of child care needed.

PART 2 – THE STATE OF ONTARIO'S CHILDREN

The Ontario Government has provided evidence about child outcomes in Ontario in its report to Ontario families published in February 2003 (Ontario Government, 2003). The report provides six measures of cognitive or behavioural outcomes, based on data from the National Longitudinal Study of Children and Youth (NLSCY). Some of these indicators refer to children in particular age ranges, although the report does not indicate this, nor indicate the year to which the data refer. It is probable that the indicators are defined as suggested in the report *Vulnerable Children*, which we review below.

The data indicate that Ontario's children are almost precisely at the Canada-wide average on each indicator. Since families in Ontario are more affluent than in most other jurisdictions, and the Ontario Government has more public resources, it is not clear whether this reflects a good or a poor result. The results for Ontario indicate that 76.1% of Ontario children have average motor and social development, 86% have no emotional problems/anxiety, 87.9% have no hyperactivity/inattention, 85.6% have low physical aggression/conduct problem, 92.7% exhibit prosocial behaviour, and 85.5% have average to above-average language skills. It is difficult to know how to interpret these results.

The first round of data collected for the National Longitudinal Study of Children and Youth has, however, been extensively analyzed in the book-length study *Vulnerable Children* (Willms, 2002). A review of their findings and analysis gives more perspective on the Ontario report on child outcomes. One of the key useful perspectives is that young Canadian children tend to have either behavioural or cognitive problems, but not generally both. This is, in a sense, positive, but it also means that the total number of children with developmental problems is larger. A related finding is that children with developmental problems are not highly concentrated amongst low-income or disadvantaged families, but are spread throughout the community. By implication, targeting of developmental ECEC services is likely to be unsuccessful.

1. How are “vulnerable children” defined?

These are children experiencing poor developmental outcomes. These are not “at-risk” children, who are defined by being from a background that makes them more likely to have poor developmental outcomes (e.g., lone parent, low-income). Instead, these are children found by measures in the National Longitudinal Study of Children and Youth (NLSCY) to be currently scoring poorly on at least one measure of poor outcomes.

2. What are the measures of child outcomes?

There are a number of measures (see Willms, 2002, 381-7 for details), used at different child ages, and generally measuring either cognitive or behavioural outcomes. These are:

- (a) MSD – the Motor and Social Development Scale, which assesses motor, social and cognitive development of children 0-3,
- (b) PPVT-R – the Picture Peabody Vocabulary Test – Revised, which assesses receptive vocabulary for children 4-5 years of age,
- (c) Mathematics Computation Test – in 3 different versions for children in Grades 2 through 6,

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- (d) Children's Temperament – computed as an index based on parent responses to a series of questions about their child 0-3 years of age,
 - (e) Pro-social behaviour – an index based on questions assessing whether children are empathetic, helpful and inclusive, for children 2-3 and 4-11,
 - (f) Behaviour problems – index based on evidence of anxiety, emotional disorder, hyperactivity, inattention, and physical aggression (also indirect aggression for 4-11 year olds)

Markers on each of these indicators were established to reflect children who were well below the typical level on each indicator. These markers were set at a level designed “to identify children whose chances of leading healthy and productive lives are reduced unless there is a concerted and prolonged effort to remedy their problems.” (Willms, 2002, 66-7) Children were considered vulnerable in the cognitive domain if they were identified as having low MSD scores at age zero through three, low PPVT-R scores at age four or five, or low mathematics scores at ages six through eleven. Children were considered to be vulnerable in the behavioural domain if they had a difficult temperament at ages zero and one, or had any of the six behaviour problem markers at ages two through eleven. A vulnerable child showed poor development on either or both of the cognitive index or the behavioural index.

3. How many vulnerable children are there?

Overall, according to the NLSCY data, 28.6% of Canadian children (0-11 years of age) were found to be vulnerable; in other words, over one out of every four children. About 14-16% of children had low MSD or PPVT-R scores (children 0-5 years inclusive). Close to 10% of school-aged children had poor math scores (about 1 ½ years or more behind their peers in computation skills). About 21% of children 2-3 years of age and 17% of children 4-5 years of age were found to have behavioural disorders, with hyperactivity predominating. Only a small percentage of children scored poorly in both cognitive and behavioural domains. Ontario was at the national average in cognitive problems and a couple of percentage points below the national average in behavioural problems.

These estimates are believed to be consistent with findings in the International Adult Literacy Study (OECD and Statistics Canada, 1995) which found that about 10% of youth 16-25 years scored at Level 1 – the lowest level on the IALS test, and another 25% scored at Level 2 on the same test. Scores at these levels were found to be predictive of being unemployed or in lower-paid jobs in the IALS study. Further, these estimates are seen as broadly consistent with the 29.2% of Canadian youth who failed to graduate from secondary school at a typical age (OECD, 1996).

4. *Are vulnerable children concentrated in low-income households?*

Children in low-income households were more likely to be vulnerable (about 37% of them in the bottom quartile of families), but a key finding of the Willms study is that the majority of vulnerable children are not from low-income families. In each of the other three quartiles, approximately 25% of children had either cognitive or behavioural difficulties. In other words, socio-economic status (and particularly mother's education) matters to child outcomes, but it is not the only or even main factor.

5. *What other factors appear to matter to child outcomes?*

Parenting matters. Authoritative parenting (when parents monitor children's behaviour, are responsive to their needs and encourage independence with a democratic approach) is associated with better child outcomes, in comparison with authoritarian parenting (highly controlling), permissive parenting (overly nurturing with few standards for child behaviour), or inadequate parenting (poor general parenting skills). However, parenting skills and socio-economic status are not highly correlated; low incomes do not play a strong role in determining parenting abilities.

The following factors are found to be associated with cognitive difficulties in children aged 0-5: stay-at-home mother, recent immigrant family, poor parenting style (as above), maternal depression, and poor family functioning. The following factors are found to be associated with decreased likelihood of cognitive difficulties: being a female child, being the first child, parents reading regularly to the child, and neighbourhood support.

The following factors are found to be associated with behavioural difficulties in children aged 0-5: single parent household, teenage mother, poor parenting style (as above), maternal depression, and poor family functioning. The following factors are found to be associated with decreased likelihood of behavioural problems: being in a high-SES family, having siblings, and parents reading regularly to the child.

6. *Do institutions and neighbourhoods matter to child development outcomes?*

The analyses in Willms (2002) make it clear that schools and communities matter. Quebec, for instance, was found, by the middle school years, to have on average students scoring one grade level above the national average in mathematics. Ontario and the Atlantic Provinces scored below the national average. Schools and classrooms varied considerably in their math results, even after SES and immigrant status were controlled.

In general, childhood vulnerability also varied across neighbourhoods, even after accounting for differences in SES. These issues are being addressed in further data collection under the Understanding the Early Years Project, associated with the NLSCY.

7. *What about information on school-readiness?*

School-readiness (or “readiness to learn”) has been tested in North York and other locations using the Early Development Instrument developed by Drs. Offord and Janus at McMaster University, as a complement to the NLSCY. The instrument is a group level measure, giving information about communities and schools, rather than individuals. Students in kindergarten, in the spring of the year, are assessed individually by their teachers in five domains: physical health and well-being, social competence, emotional maturity, language and cognitive development, and communication skills and general knowledge. The data is interpreted at the level of the classroom, or other grouping.

In each of these domains, children are compared to the average of the Canadian population, from an earlier data collection exercise. The thresholds in each domain are set at the level reached by the 25th percentile of Canadian children. Children scoring poorly (above the threshold) would meet the following descriptions:

Physical Health – average or poor motor skills, flagging energy levels, tiredness and clumsiness

Social Competence – regular problems with one or more of the following: getting along with other children, accepting responsibility for their own actions, ability to work independently, self confidence, tolerance

Emotional Maturity – minor problems with aggression, restlessness, distractability or inattentiveness, or excessive sadness on a regular basis

Language and cognitive development – no mastery of the basics of reading and writing, little interest in books, reading, and/or problems with numerical skills (e.g., recognizing numbers, counting)

Communication and general knowledge – problems understanding or communicating in English, articulating clearly and/or little general knowledge

Problems in one of these domains was not considered to be evidence of lack of readiness to learn. However, problems in two or more of these five domains were judged to be evidence that a child would be more likely to have difficulty in learning.

8. *What were the results in North York on readiness to learn?*

In 1998-99 when the EDI was administered in North York, about 19% of kindergarten children had problems with physical health and well-being, 26% had problems with social competence, 24% had problems with emotional maturity, 22% had problems with language and cognitive development, and 24% had problems with communication skills and general knowledge. There was a great deal of variability within the scores for a population attending any particular school in each of the components. In addition, schools would often score well on one index and poorly on another, averaged across all children.

Overall, about 32% of all children (approximately one out of three) scored poorly on two or more of these measures of school readiness, and were judged as likely to have problems in readiness to learn. Most children scored well, but a significant number, spread across the district and in different schools, scored poorly on readiness to learn.

CHAPTER FOUR

EARLY CHILDHOOD CARE AND EDUCATION PROGRAMS IN OTHER PROVINCES AND IN FEDERAL JURISDICTION

Federal Programs

Two important federal initiatives set the stage for developments in Ontario. First, the federal government, in December 2000, extended maternity and parental leave to cover virtually a full year of the child's life. Second, the Early Childhood Development Initiatives Agreement now provides \$2.2 of federal funds over 5 years for early childhood development services. Provincial and territorial governments agreed to use this funding to improve and expand services in four key areas: (a) healthy pregnancy, birth and infancy, (b) parenting and family supports, (c) early childhood development, learning and care, and (d) community supports. The agreement included provisions for provinces/territories to report regularly to their citizens on expenditures and child development.

Recently, as a supplement to the ECDI agreement, the federal and provincial/territorial governments (except Quebec) signed the Multilateral Framework Agreement which provides federal funding over five years to support investments in early learning and child care, in particular. The objective of this initiative is to promote early childhood development but also to support the participation of parents in employment and training by improving access to affordable, quality early learning and child care programs and services. As the Agreement indicates, approaches to early learning and child care will be based on the principles of availability and accessibility, affordability, quality, inclusiveness and parental choice.

In response to the ECDI Agreement, the Ontario Government launched its Early Years Plan in May, 2001. In 2001/2, Ontario spent ECDI money on Early Years Centres, early literacy, infant development, children's mental health, autism, teen parents, the Healthy Babies-Healthy Children program (prenatal and postnatal screening and other services), Aboriginal child nutrition, Fetal Alcohol Syndrome programs, Prenatal and postnatal services, public education and awareness, injury and abuse prevention/treatment, screening and risk assessments (Government of Canada, 2002). Virtually all other provinces spent some important portion of ECDI moneys to support or expand child care services used by employed parents, but Ontario did not.

Kindergarten

Ontario, Alberta and the Northwest Territories continue to fund and deliver denominational education.

In most provinces non-compulsory kindergarten is offered to all five-year olds on a part-time basis in a school setting. These programs are governed by the relevant education authority, offer a provincial curriculum (or framework, as in BC) and usually require teachers to have a provincial teacher's licence with no specific early childhood requirements. Teaching assistants are used to assist classrooms with children with special needs in many cases but teaching assistants generally do not require training qualifications. In some provinces/territories, such as the Northwest Territories, extra supports for children with special needs are provided and instruction in Inuktitut is provided. Average class sizes are between 15 (Yukon) and 25 (Ontario).

Exceptions to this include Prince Edward Island where the Department of Health and Social Services is responsible for licensing, training, teacher/staff certification and support for children with special needs. The Department of Education is responsible for funding, curriculum development and in-service training. Kindergartens operate within non-profit and for-profit child care centres under child care legislation for no less than 3 hours per day, 5 days per week or the equivalent at no charge to the parents. Kindergartens are operated in 50 of PEI's 54 child care centres. PEI also offers 54 part-day programs (kindergarten only for 5 year olds) in the schools.. All programs are non-compulsory and the teacher: child ratios are 1:12. Teachers require an early childhood education qualification.

New Brunswick and Nova Scotia offer kindergarten programs on a full-time compulsory basis. In Nova Scotia these programs are offered in public and private schools and in New Brunswick they are delivered in public schools. Part day kindergarten is also compulsory in British Columbia. In BC full-time kindergarten is available for special populations including Aboriginal, special needs or ESL. In some places in the Northwest Territories, Aboriginal Head Start is becoming the other half-day of kindergarten.

Quebec operates non-compulsory *maternelles* under the Ministère de l'Éducation du Québec (MEQ) on a full time basis in public and private schools (both English and French) for five year olds. There are two programs for four year olds which existed prior to the introduction of the new family policy: *Pré-maternelle*, a pre-kindergarten program for four or five half-days per weeks and *Passe-partout* are exclusively for four year olds for low income children in rural Quebec. These programs will no longer be expanded. *Milieu scolaire* programs are provided by school boards for out of school care for children in kindergarten and elementary grades under the jurisdiction of the Ministry of Education.

Alberta kindergarten also differs. Funding is provided to approved Early Childhood Services operators on a per diem basis (\$2,120 per child per year) for 475 instructional hours. Parents pay \$50 per year to offset non-instructional costs.

Programs may be provided at schools, private schools or childcare centres, Eligible parents can access child care subsidy for the balance of the day.

All but one school board in Ontario provides junior kindergarten for four year olds, although not necessarily in every school. Most other provinces provide a limited amount of junior kindergarten. Some school boards in Nova Scotia, such as Halifax, have pre-Grade Primary for children over four years. The Winnipeg School Division 1 and the Frontier School Division in Manitoba offers half-day kindergartens for four year olds. Saskatchewan operates 89 pre-kindergarten part-day programs for children “at risk” in targeted communities. Four communities in the Yukon combine four and five year old kindergarten programs.

Child Care Services

All provinces license and regulate a mix of non-profit and for-profit child care centres. The majority of funding is provided through fee subsidies to eligible parents usually by means of an income test. Insert Table. Nursery schools are usually regulated under the same legislation except New Brunswick, Quebec, Saskatchewan and the Yukon where they are not regulated. The extent of subsidized spaces varies from a low of 23% in New Brunswick to a high of 48% in Manitoba, 51% in Saskatchewan, and 59% in the Yukon. Child:staff ratios are similar in most provinces/territories.

Some staff in all provinces/territories are required to have some qualifications, the extent of qualifications required varies. In New Brunswick for example, only one in 4 staff are required to have one year of community college training in child care or equivalent. At the other end of the spectrum, two-thirds of staff in Quebec’s CPEs must have a college diploma or university degree in ECE. Manitoba has three qualification levels: Early Childhood Educator (ECE) III: which requires a recognized certificate program or an approved degree program; ECE II: an approved diploma in child care services or equivalent; and Child Care Assistant (CCA). Two thirds of a full-time centre’s staff must be classified as ECE II or III. All directors in full-time preschool must be classified as an ECE III plus a year’s experience.

Saskatchewan has a similar scheme of three levels of certification: ECE III requires a two year diploma; an ECE II requires a one year certificate and an ECE I requires 120 hour child care orientation course or equivalent.. Alberta also has three qualification levels. In the Yukon, there are five levels of training and the aim is to get a majority of staff trained. BC also has three categories of training requirements, one for an early childhood educator (at least 10 months ECE training); infant/toddler educator required to work with infants and special needs educator. No specialized training is required in Nunavut and the Northwest Territories.

Each province/territory provides a variety of grants in addition to fee subsidies. Most provinces offer operating grants (sometimes designated as staff or wage enhancement grants), equipment grants and grants for funding programs for children with special needs. Newfoundland, PEI provide funding for orientation training and professional development. Nova Scotia also offers infant incentive grants, infrastructure grants and a family day care administrative grant. Saskatchewan is unique in that it only provides subsidies and an array of operating and equipment grants to non-profit child care centres or regulated family child care homes.

Departing from the rest of the provinces/territories, in 1996 Quebec announced its intention to fundamentally change its programs for early childhood care and education beginning in 1997 (see Tougas, 2002; Jenson, 2002; Friendly, Beach and Turiano, 2002). The new family policy and comprehensive early childhood policy for children from 0-12 contained three main components:

- An integrated child allowance for young children and newborns designed to gradually replace the existing family allowance;
- Enhanced maternity and parental leave provisions through a new parental insurance plan;
- The development of early childhood education and child care services to provide universally accessible programs to foster child development and to gradually introduce skills that children need to succeed at school.

The Ministère de l'Éducation du Québec (MEQ) administers full-day kindergarten for five-year olds and also the part-day kindergarten that had previously existed for children in some low-income areas. There is no charge to parents for either of these public services. The Ministère de la Famille et de l'enfance became responsible for child care services for children under five; it administers grants and provides, licenses and regulates educational child care services for children less than five years of age.

By the year 2000 child care at \$5 per day became available to all children aged 0-4 whether or not the parent was in the paid labour force. Low income working families may also qualify for an additional fee reduction by accessing the APPORT program under the Ministère de l'Emploi et de la Solidarité sociale.

Quebec probably has the most expansive grants, including development grants for professional services, start-up grants, grants for purchase of a property or construction of a facility, grants for enlarging and refitting a facility, compliance grants, grants to acquire assets; an allowance for early intervention in a disadvantaged area.

Recurring funding for both centres and family child care includes child care centres basic allowance, for the premises, overhead, performance and child care and educational expenses as well as special needs school-age grants, supplementary allowances for parents unable to make the \$5 per day contribution (EPC), an allowance for a facility in a disadvantaged area, and allowances for places at the reduced contribution offered to school-age children, and allowances for the integration of a child with a disability, plus specific allowances for group insurance plans, maternity leaves, special projects, northern or Aboriginal communities. The Ministry continued to “rent” space from existing for-profit organizations – *garderies* – at a lower funding rate than CPEs. The aim is to phase out the *garderies*. In 2000, staff in the CPEs negotiated a 35-40% increase in salaries to be implemented over four years. As a result, in the five years from the implementation of the new early childhood policy, Quebec increased the number of child care spaces for children aged 0-4 from 82,302 spaces to 139,683 as well as introducing full school-day kindergarten for all five year olds. It expects to have 200,000 spaces by 2005-06.

The Quebec model of administration and funding of early childhood education and care is a possible model for Ontario.

Institutions

The main innovation institutionally in Quebec was the encouragement and licensing of CPE's (Centres de la Petite Enfance or Early Childhood Agencies). These are much larger than a typical child care centre (may have up to 350 children) and each CPE is a management and service unit which may include several child care centres and perhaps thirty or more regulated family child care homes. The CPE's are, therefore, neighbourhood-based access points to a range of early childhood education and care services. They are non-profit agencies which must have at least 2/3rds of their board members drawn from parent users of the ECEC services provided. Existing child care centres and non-profit agencies were encouraged to establish CPE's. Only CPE's are eligible for the substantial funding associated with the \$5 per day ECEC program.

The CPE plans services and operates centre-based child care services and monitors quality and provides resources, educational programs and training to family child care providers. Centres may have a maximum of 80 children and family child care homes may have up to 6 children if there is one care provider for 9 children if there are two adult care providers.

Prior to its ECEC reforms, Quebec's quality-related regulation was weak compared to other provinces. The institutional innovation of the CPE's provided the opportunity to increase training requirements for staff in centres and regulated family child care. Since the CPE's are providing “educational child care” two-thirds of staff (double the previous requirement) must now have Early Childhood

Education training from college or university. Legislation now requires family child care providers to have a minimum of 45 hours of specific training.

Funding Arrangements

There are grants that cover occupancy costs, overhead costs and operating costs, each with its own formula. If a CPE had 200 child care centre spaces, all for children 18 months or older, it would receive just over \$1,000 in grants per space for each of occupancy costs and overhead expenses, and just about \$5,000 per child to cover operating expenses. About \$1,300 of operating expenses would be covered by the \$5 per day parental contribution. If enrolment falls below 85% of registered spaces, occupancy and overhead grants are reduced. There are supplements to grants for infant children, for larger proportions of children from low-income backgrounds, for special needs children, and for services to northern and aboriginal communities. Occupancy, overhead and operating grants are somewhat lower for family home child care services.

The best-known feature of the Quebec ECEC model is the flat \$5 per day parental co-payment. Some low-income families do not pay this full amount. If a family collects social assistance, part-time ECEC (23.5 hours per week) are provided free as educational supplement for all children. If the family on social assistance participates in employability programs, full-time ECEC is provided free of charge. For parents not on social assistance but receiving benefits from the Parental Wage Assistance program (encouraging employment for low-income families), the family pays, in effect, only \$2 per day for ECEC rather than \$5 per day.

Issues

1. Waiting lists – Although the Quebec program has been phased in over about 5 years, and spaces available have expanded by about 15,000 per year, the system has not been able to keep up with unanticipated popular demand.
2. System Capacity - The availability of trained staff has not kept pace with the rapid expansion. Because of the energy devoted to system expansion, there have been weaknesses in management, administration and quality controls.
3. Parental choice and atypical needs – Whereas there is broad public acceptance that school programs, including kindergartens, only operate six hours per day, Monday to Friday, with long breaks in the summer and other vacation periods, there are some criticisms from parents find that centre-based ECEC and family home child care, all offered during weekday daytime hours, do not meet their needs. Some parents continue to use live-in nannies or informal neighbourhood caregivers to cover

unusual shift arrangements and other needs. Particularly since the provincial child care expense deduction from taxes was eliminated, these parents feel their child care needs are not met, and services are effectively more expensive. The Quebec government has some plans to develop care to cover alternative parental needs.

In April, 2002, Manitoba announced a new five year plan for child care *Strengthening Families, Building Communities*, based on the concept of an affordable, accessible, high quality, universal child care *system*. Since April 2000, Manitoba has increased its investment in child care by 32% and the total budget for the program is now almost \$70 million.

Manitoba's plan over five years is to maintain and improve quality; improve accessibility; and improve affordability. Already grant increases have been introduced, new training programs added, public education and recruitment campaign, training program for family home day care providers and child care assistants. They have also expanded the funded spaces and frozen maximum fees to parents. Future plans include increasing wages for child care providers, further expanding training, funding 5,000 more subsidized spaces, expanding and integrating nursery school programs and increasing eligibility for fee subsidies.

The You Bet I Care! study results have prompted all provinces/territories to address quality issues and New Brunswick introduced a *Quality Improvement Support Program* in 2001 providing a range of grants between \$100 per year per part-time preschool space to \$650 per year per infant space. In fact most provinces/territories allocated portions of the 2000 Early Childhood Development Initiative funds to stabilize existing child care programs, improve salaries, provide professional development and enhance programs for children with special needs.

Nova Scotia has introduced a unique program of child development centres which are in addition to child care centres and are intended to provide a preschool experience for children deemed to be at risk. They are also licensed under the Day Care Act and Regulations with a 1:12 staff:child ratio. The distinctive feature of these centres is that they receive a grant up to 50% of operating costs (in addition to fee subsidies) and centres are permitted to set fees on a sliding scale according to family income.

Some provinces require parental involvement either at the board level or by holding a minimum number of parent meetings per year. In Quebec, for example, the CPE board structure requires two-thirds of board membership to be parents.

The issue of non-traditional care needs for child care such as evening, overnight and weekend care has largely gone unaddressed. Quebec is funding several pilot projects which will be evaluated.

All provinces have some form of regulated family home child care. PEI, New Brunswick, Manitoba, Saskatchewan, British Columbia, Northwest Territories, and Nunavut regulate these homes individually, Nova Scotia, Ontario and Alberta have systems of agencies to supervise the homes and Newfoundland has a mix of agency and individual licensing. Some provinces including Manitoba, Saskatchewan, Quebec, permit group day care homes where two providers can care for a greater number of children. Under its new family policy, the *centre de la petite enfance* (CPE) in Quebec supervise family child care providers. Homes may provide care for up to six children including the provider's own. Nine children are permitted if the provider is assisted by another adult. In most provinces no training is required for family child care providers. In Manitoba if providers are classified as an ECE II or III, she/he may charge a higher maximum daily fee equivalent to the fees charged in child care centres. Saskatchewan has introduced a mandatory 40 hour early childhood education course for providers. Providers in group family child care homes must complete an 120 hour orientation course (ECE I) within three years. In Quebec, however, family child care providers must hold a first-aid certificate and complete a training program of at least 45 hours. Even though British Columbia and the Yukon limit the number of children that individuals can care for in an unregulated setting, the Yukon permits six and BC five preschool-age children in regulated family home child care.

CHILD CARE FOR CHILDREN WITH SPECIAL NEEDS

All provinces/territories now emphasize integration wherever possible and provide a variety of grants to assist this process. In Newfoundland, eligible parents receive a child welfare allowance for their special needs child; PEI provides grants up to \$11.00 per hour to lower the teacher:child staff ratio; in Nova Scotia centres receive \$28 to \$70 per day per space depending on the special need. In New Brunswick the government provides an average of \$3000 per year per child (aged 2-5) to a maximum of \$5000 per year. Quebec provides a one-time grant of \$2,000 plus an additional \$21 per day per child on top of the regular operating grants. In Manitoba parents pay the same basic cost of care as other families but, regardless of family income, they do not pay the cost of the additional resources needed. British Columbia provides parents of children with special needs who meet the financial eligibility criteria a child care subsidy up to \$107 per month. In Nunavut the daily operating grants are increased by approximately 50% for a child with an identified special need. Where subsidies are available most provinces/territories do not require the parent to be working. Most provinces/territories do not require specialized staff training to work with children with special needs.

ABORIGINAL CHILD CARE

Funding for on-reserve social programs is the responsibility of the Government of Canada, although several provincial governments carry out regulation of on-reserve Aboriginal child care, including Newfoundland, Ontario, Quebec, British Columbia, Northwest Territories and the Yukon Territory. Prince Edward Island, Nova Scotia, New Brunswick, Manitoba Saskatchewan and Nunavut do not regulate unless requested to do so. Newfoundland licenses one program, First Nations and Inuit organizations have responsibility for administration of funds and for developing services. By agreement, Alberta does not licence on-reserve child care centres but provides parent subsidies if provincial licensing standards are met.

UNREGULATED CHILD CARE

The maximum number of children under six years allowed per home ranges from a low of 2 (not including the caregiver's own) in British Columbia to a high of 6 in Nova Scotia, Alberta and Quebec. Most provinces only allow subsidies to go to informal providers on an exceptional basis. New Brunswick, for example, has allocated \$1 million to subsidies for parents using informal, unregulated child care whereas PEI has only allocated \$50,000 for subsidies to go to infants and children of parents working evenings and weekends in unregulated care. The Northwest Territories and Nunavut permit fee subsidies to be used for unregulated care.

In the Yukon, Saskatchewan, Quebec and New Brunswick preschool or nursery programs for children on a part day basis are not regulated.

LEAVES, BENEFITS, SUPPORTS, SUPPLEMENTS

All provinces legislate leave provisions for maternity and parental leave. Most provinces provide 17 weeks of maternity leave and 35 weeks (up to 52 weeks in total for one parent) for parental leave. Manitoba provides 37 weeks of parental leave. Quebec provides 18 weeks maternity leave plus an additional six weeks if the birth mother is unable to return to work for health reasons related to the birth or pregnancy and both the father and the mother of a newborn are entitled to a parental leave of up to 52 consecutive weeks. In addition Quebec provides five days per year family-related leave. Saskatchewan has the most generous provisions allowing the birth mother to take 18 weeks of maternity leave followed by 34 weeks of parental leave and the other parent may also take up to 37 weeks, totaling 89 weeks .

The federal government provides maternity benefits of 15 weeks under the Employment Insurance Act. It also provides benefits to new parents for 35 weeks to a total of 50 weeks at 55% of insured earnings to a maximum of \$413 per

week. To be eligible parents must have 600 hours of insured hours within the last 52 weeks. \$1.76 is spent under this program even though less than 50% of new parents are eligible.

CHAPTER FIVE EARLY CHILDHOOD EDUCATION AND CARE POLICIES IN OTHER COUNTRIES

Early Childhood Education services have become nearly universal for older preschool children in many countries over the last twenty years. Most European countries now regard early childhood education and care as an essential part of preparation of children for public school, an important component of the supports to families with special attention to those with employed parents, and as a venue for identifying children and families who will need special services. There is wide variation in policy toward ECEC for children less than three years of age, but full-day care with a developmental purpose is practically a norm in most of these countries for children of three and over. The OECD report on Early Childhood Education and Care systems summarized the variation across child age levels in this way: “A pattern of coverage is seemingly emerging across the industrialized countries: a coverage rate ranging from 20-30% in year 1-2, and reaching over 80% coverage in full-time places, some time in the fourth year [i.e., from age 3].” (OECD, 2001a, p. 148)

The United States maintains policies which are much less supportive of early childhood education and care. The United Kingdom, Australia and Quebec have moved strongly to expand financial support of ECEC services in recent years. Table 1 at the end of this chapter gives a thumbnail sketch of key ECEC policies across a wide variety of countries for which data is available. Further details to supplement Table 1 are provided in Tables 2 through 5 in the Appendix. The notes below provide a brief written overview of some of the main lines of ECEC policy in each of these countries. Several broad conclusions can be drawn from this overview:

1. *Most countries reviewed provide preschool ECEC services for the vast majority of children who are 3 years of age and older, and sometimes 4 and older.* Sweden, Belgium, Denmark, Finland, Italy and Portugal provide full day care for children from age 3 or before. Norway and the Netherlands commence full-day preschool access at age 4. The United Kingdom provides guaranteed access to free part-day preschool for all 3 year olds and above, with school commencing at age 5. Australia provides part-day preschool at age 4 and full-day at age 5. In Canada and the U.S., preschool starts later than in other countries and is only part-day at age 5 (although Quebec and New Brunswick now have full-day kindergarten at age 5, and Ontario has part-day kindergarten at age 4 for most children).

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2. *Outside of this core of ECEC services, there are a wide variety of different models of ECEC provision and funding adopted by different countries.* Australia provides substantial demand-side funding to parents for ECEC services. Netherlands is aggressively expanding its public commitment to ECEC services, experimenting with a move to demand-side funding, along with substantial amounts of employer funding. Belgium provides public services above 2.5 years and demand-side subsidization below. Denmark provides very good public ECEC services, with a parental contribution up to 1/3rd of the cost. Finland provides public ECEC services with parents paying 10% of costs. Italy has well-developed preschool services for all children 3 and above, usually free, but very few services for under 3's. Norway has extensive public ECEC services, with a goal of universal access for all children under 6. Parents pay 30%-45% of costs. Portugal provides educationally-oriented care for 3-6 year olds, free of charge under the Ministry of Education. Sweden provides high quality public ECEC services for children from 1 year of age, if parents work or study. Parents pay about 15% of costs (no more than 3% of income for the first child, etc.). In the U.K., local education authorities provide early education places for children from 3 years up. A new and extensive set of ECEC services called Sure Start is free for children 0-3 in less advantaged communities. The United States provides part-day Head Start services to disadvantaged children, and some other child care subsidies to low-income families, along with part-day kindergarten at age 5. Apart from that, ECEC services are a private market service.
 3. *In virtually all of these countries, the public commitment to Early Childhood Education and Care services is considerably greater than in Canada or the United States.* Figures on the percent of GDP devoted to ECEC across countries are not readily available. However, related figures on the fraction of GDP spent on pre-primary education across countries are collected by the OECD. Canada spends 0.23% (i.e., 23 hundredths of 1%) of its annual GDP on pre-primary education. Most other countries spend 0.4% to 0.6% of GDP. As a result, pre-primary education is a low priority in Canada, apparently a much lower priority than in Belgium, Czechoslovakia, Denmark, Finland, France, Germany, Hungary, Netherlands, Norway, Poland, Spain, Sweden or the U.K. Even the U.S. spends more public dollars as a percent of its GDP on pre-primary education than Canada. (OECD, 2001, p. 189)

AUSTRALIA

The Commonwealth Government is responsible for day care and the state and territorial governments are responsible for preschool education. This has fostered a traditional separation between care services (seen as employment and family support) and education services (for child development). There are two years of (nearly) universal preschool provided largely in schools, with half days at

age four and full school days at age five before compulsory schooling starts at age six.

Over the last decade, the government has reduced operational subsidies to community child care centres and replaced them with the Child Care Benefit which goes directly to parents and is scaled to income. Full assistance (\$133 Aus per week for the first child) ends at about \$30,000 (Aus) of family income; the average assistance is about \$45 Aus per week. Child Care Benefit is only available to families using formal or registered-informal child care services (about 22% of children 1-4 years). There are important quality problems in some centres which Australia has been addressing, through a Quality Improvement and Accreditation System. There is no statutory paid pregnancy or parental leave in Australia.

BELGIUM

Belgium is split into Flemish and French communities and policies and services are determined and administered separately, although they are broadly very similar. In early education, a universal and well-organized system has been in place for decades so that children from 2 ½ to 5 attend preschools usually for the full school day. Extra funds are directed towards low-income and immigrant areas to promote equity and the quality of schooling.

Children less than 3 years may attend child care centres and family child care, with some parents receiving subsidies according to income and all parents eligible for substantial tax benefits related to the cost of care. About 30% of children 1-3 years of age use centre or family home child care services. Paid maternity leave lasts for 15 weeks and paid parental leave for another 3-6 months (full-time or part-time).

DENMARK

In Denmark, services for children 0-6 years have traditionally been considered an integral part of the social welfare system. The major aim is to support the development of young children, in collaboration with parents, and to provide caring and learning environments for them while their parents are at work. Policy responsibility is with the Ministry of Social Affairs, but local authorities (municipalities) are responsible for many policy and operational matters. The Ministry of Education is responsible for policy covering preschool classes and after school care, but again much responsibility for funding, policy and operations resides on the local level. Frequently, these local authorities have established unified departments bringing together care and education.

Ninety percent of municipalities guarantee child care places will be available for children 0-6 years. Sixty-eight percent of children 1-3 years of age

are enrolled in day care facilities, many in family child care. Enrollment across all services from 3-6 years is 92%. Parents make a contribution to the cost of child care which may not exceed 1/3rd of the cost for the first child and less for successive children. Danish child care services are generally very well run and considerable attention is paid to enhancing the developmental quality of play and educational experiences.

Compulsory school does not start till age 7; nearly all children at age 6 attend preschool classes half-days in schools and organized after-school care.

Paid maternity leave covers 28 weeks, paternity leave another 2 weeks, and an additional 26 weeks at lower pay is available by right.

FINLAND

Finland provides an unconditional right to every child to have access to ECEC services from 1-6 years of age. The ECEC system is predominantly public, with some private provision. In general, municipalities provide services directly through municipal day-care centres, family day-care homes or preschool groups.

Free preschool education is available for 6 year olds for about 20 hours per week during the school year (compulsory education begins at 7 years). About 24% of children 1-3 years of age are in ECEC services, and about 66% of children 3-5 years mostly full-time in child care centres but some part-time. Parents pay fees which cover about 10% of the costs, with the rest subsidized by state and local authority taxes, scaled to family income. Parents may alternatively request a private childcare allowance to be paid by the municipality to the childminder or day care centre of their choice (about 120 Euros per month).

There are 18 weeks of paid maternity leave (six before birth), 26 weeks of paid parental leave and 3 weeks of paternity leave. In addition, for those parents opting not to enrol their children in municipal day-care, a flat-rate, three-year child care allowance is available (no job-protected leave) with payment of approximately 250 Euros per month for the first child, and 80 Euros for successive children. Finnish authorities are concerned about the negative effects of these prolonged home care allowances on children and on the position of these mothers in the labour market and in society (OECD, 2001, p. 164)

ITALY

Policy responsibility of ECEC in Italy is split between the Ministry of Education for the “scuola materna” for 3-6 year olds and the regions and municipalities for the “asili nidi” for infants and toddlers. About 70% - 90% of children (depending on the region) attend the “scuola materna” from 3 years of age, becoming practically universal at age 5. Most of these are in schools and are provided free of charge under the Ministry of Education, but a considerable

number are confessional and charge modest fees. These facilities operate eight hours per day, September to June.

Most children who are one or two years of age are not using ECEC services. About 6% are in the “asilo nido”. Most of the provision is by municipalities and is centred in urban northern Italy. Fees are often subsidized. However about 27% of children in this age group are cared for at home by parents, another 48% are in out of home informal care, and another 15% by childminders in the home. Child-staff ratios in Italian ECEC facilities are typically fairly high (7:1 in asili nidi, 20:1 or higher in scuola materna).

Paid maternity leave is available for 5 months and another 10 months of parental leave is available at much lower compensation.

NETHERLANDS

The Dutch government is moving toward an integrated framework of services for children from 0-6 years, crossing traditional education, social welfare and preventative youth healthcare lines, and achieving consensus with local authorities about ECEC policy goals. The Ministry of Education, Culture and Science is responsible for children 4-6 years, with compulsory schooling beginning at age 5. The Ministry of Health, Welfare and Sport has responsibility for family support, socio-educational activities and the funding and supervision of out-of-home child care.

Much work has recently been done to tighten up regulatory frameworks, training regimes and quality control. A special focus is given to children-at-risk, including children from immigrant families. Another striking feature of Dutch early childhood policy has been the use of an experimental phase to trial innovative programmes in ECEC. A number of such programmes are now being mainstreamed. Dutch employers have a much bigger direct role in the funding of child care than in most other countries.

Children who are four years of age have a legal right to a place in pre-primary school for 5 hours per day, 40 weeks per year. Attendance is virtually 100%.

Child care provision is private (both for-profit and non-profit) but publicly co-funded. Parents pay, on average, 44% of costs, with government and employer subsidization taking up the balance. Many employers either set up their own child care services, or, more usually, purchase or rent “company places” in child care centres. These places represented about 50% of all child care places for children 0-4 in 1998. There is a marked tendency for middle and high income parents to use services more than low-income families. About 20% of children 0-4 use child care centres. Playgroups are used by about 50% of children 2-4 years of age.

These playgroups are established by private and community foundations, and almost all are subsidized by local government but with some parental contribution. Children usually visit the playgroups twice a week for 2-3 hours to play with peers or participate in an intervention programme. Expenditures on child care are tax deductible from income.

Paid maternity leave is available for 16 weeks (4-6 weeks before birth) and unpaid but job-protected partial leave (employed at least 50% of normal hours) is available for 6 months after that.

NORWAY

In Norway, an integrated system of services for children from 0-6, with an extensive system of public child care centres (*barnehager*) has existed for many years. The Ministry of Children and Family Affairs is responsible for ECEC. Much responsibility has been devolved to county and municipal governments, which generally have unified early childhood services and schools under one administrative department. The county administers government grants to child care centres, family day care, and drop-in centres and supports its municipalities on ECEC policy issues. There is a national regulatory framework for child care centres, and national guidelines concerning values and objectives, curricular aims, and pedagogical approaches.

Most *barnehager* are public (municipal), but a significant number are private. Both receive national government subsidies covering between 30%-40% of costs, and municipal subsidies covering a variable further amount. Parents pay between 28%-45% of costs, depending on income and municipality. The government's objective is to cover 50% of costs from national grants, 30% with municipal grants and leave parents to pay a maximum of 20% (OECD, 2001, p. 171).

Compulsory school begins at age 6. About 80% of children 4-6 are in child care centres and family home arrangements and about 50% of children 1-4 years of age. It is a declared political priority to achieve universal access for all children under 6 years of age. In addition to family allowances and lone-parent allowances, all families are able to claim tax deductions of child care expenses. There is also a cash benefit scheme that provides a cash grant (approx. \$400) to a parent who looks after a child at home, or who uses ECEC that does not receive government grants (an informal childminder). The parents most likely to use this cash benefit and stay at home with their children are lone mothers, mothers with several children, and mothers in low-income one-earner families (OECD, 2001, p. 173)

PORTUGAL

Since the mid 1990's, Portugal has extensively reformed the ECEC sector. The Ministry of Education is responsible for pedagogical quality in all settings and funding of kindergarten education for 3-6 year olds. The Ministry of Labour and Solidarity is responsible for funding and supervision of out-of-home child care for children 3 months and older. A National Framework law provides the definitions, major policy aims, and implementation strategies for pre-school education, with pre-school viewed as the first stage of lifelong learning.

The *Jardims de infancia* (pre-schools or kindergartens) provide pre-school education for 3-6 year olds, free of charge for five hours per day, five days a week. Approximately 60% of 3 year olds, 75% of 4 year olds and 90% of 5 year olds attend, or 73% of the 3-6 age group. Care is available beyond five hours per day but is charged according to the parents' income.

Almost 90% of children up to 3 years of age are cared for by their families or in informal care arrangements. Approximately 12% are in some form of creche or family day care.

Up until a few years ago, early childhood services in Portugal tended to be loosely structured, play-oriented and geared towards care and social aims, according to the preferred aims of the providers. The new curriculum guidelines, improved inspection methods, and enhanced training of staff are increasing the focus on learning. Every pre-school class has a qualified kindergarten teacher with a four-year post-secondary education degree. Creches are staffed either by kindergarten teachers, nurses or social workers, all of whom have tertiary level professional qualifications.

Eighteen weeks of job-protected maternity leave is available, with 100% pay, and an additional six months of unpaid parental leave for each parent is also available.

SWEDEN

Sweden has long been a leader in the provision of early childhood education and care, with strong emphasis both on the quality of ECEC services and the support that ECEC services can provide to equitable gender roles. Responsibility for central policy, for the goals, guidelines and financial framework of ECEC lies solely with the Swedish Ministry of Education and Science, no matter what the age of the preschool child. Distinctions between day care and kindergarten have been removed; all services below age 6 are known as pre-school services, and classes at age 6 are known as pre-school classes (compulsory schooling begins in Sweden at age 7).

Municipalities in Sweden are responsible for the provision of pre-school services, for monitoring the quality of ECEC services, and for funding. There is a

National Agency for Education which is responsible for overall evaluation, data collection, and the development and supervision of ECEC service delivery at central and regional levels.

By law, every child who has reached one year of age has a right to ECEC services (within a reasonable time limit – 3 months) if both parents work or study. If a parent is unemployed or on child-related leave, children have a right to 15 hours per week of care. Approximately 64% of children 1-5 years attend a full-day pre-school and another 11% are in family day care (for a total of 75%). Virtually all children 6 years of age are in pre-school classes, or already in compulsory schooling. Pre-school is free for children from age 5 up, but fees may be charged for leisure-time centres beyond preschool hours. For younger children, fees are capped on an income-related basis (no more than 3% of income for the first child, an additional 2% for the second child, and an additional 1% for successive children).

98% of staff in Swedish pre-school centres are trained to work with children. 60% have a three-year tertiary degree; the remaining 38% have a senior secondary, three-year vocational training in “Children and Leisure-time Activities”. Staff-child ratios are not regulated on a national basis, but they are monitored regularly. In pre-school centres the average ratio is 5.6 children per adult; in pre-school classes, the average ratio is 13 children per adult.

Pregnancy leave is available paid at 80% of earnings for mothers unable to continue with employment up to 60 days before birth. Parental leave is available lasting 390 days paid at 80% of earnings, a further 90 days at a lower flat rate, and a further 60 days unpaid. There is great flexibility about taking this leave either full-time or part-time up until the child is eight years of age. Of the 390 days, fathers must take 30 days parental leave on a use-it-or-lose-it (i.e., non-transferable) basis. Further, 10 days of paid paternity leave is available to fathers at the time of birth (which would normally be taken at the same time as the mother takes leave).

UNITED KINGDOM

Historically, responsibility for ECEC policy has been shared between national governments and local authorities, with considerable fragmentation of service delivery; ECEC services were not seen as an important public responsibility. Since 1997, the government has developed a plan of action to reform the early years system. In 1998, a National Childcare Strategy was announced, to be implemented by locally-based “Early Years Development and Childcare Partnerships” in co-operation with local educational and social service authorities. Special funding for disadvantaged areas is provided for through the “Sure Start” initiative. An “Early Excellence Centre” programme has been established to test integrated approaches to care and education. Curriculum Guidelines for the Foundation Stage (3-5 years) have been developed. The Office

for Standards in Education is mandated to formulate national standards to ensure clarity about the requirements for good quality service. A Childcare Tax Credit has been implemented for employed parents, targeted at low-income families. As a result of these initiatives, it is estimated that 1.6 million new childcare places will be available by 2004, and an additional 80,000 childcare workers will have been recruited. Further, local education authorities are mandated (by April 2004) to provide early education places for children from 3 years upwards. The responsibility for implementing policy and delivering outcomes has been assigned at the national level to the Department for Education and Employment (DfEE).

Compulsory education begins in the U.K. at 5 years of age. As of 2004, all 3 and 4 year olds are guaranteed access to free part-time pre-school education for at least 2.5 hours per day, 5 days a week, 33 weeks per year. Where reception classes for 4 year olds exist, these children receive free public pre-school education for 6.5 hours a day during the school term. About 60% of this pre-school education for 3 and 4 year olds (generally known as nursery education) is available in public nursery schools and classes. Another 30% consists of places in private (i.e., fee-charging) schools, and a further 9% is provided by community and voluntary agencies.

For children less than 3 years of age, care provision is mostly private, including childminders, day nurseries and playgroups (many of these playgroups are run by church or voluntary associations). There are now Sure Start Programmes in 522 communities across England (focused on the 20% most deprived wards). All families in these communities are eligible and an average of 800 children 0-3 years of age are served in each community.

Twenty-six weeks of paid maternity leave is available plus a further thirteen weeks of unpaid leave. One or two weeks of paid paternity leave is available.

UNITED STATES

Responsibility for ECEC funding and policy is divided between states and the federal government in the United States. The federal government concentrates on funding services to children considered to be “at risk”. Head Start and Early Head Start programs are managed by the U.S. Department of Health and Human Services.. The Child Care and Development Fund has consolidated four separate funding streams to provide child care funding from the federal government to the states. As part of welfare reform, through the Personal Responsibility and Work Opportunity Reconciliation Act, the federal government provides additional funding to the states to expand provision of child care for welfare recipients seeking work. State policies towards child care and preschool education vary widely. Child care subsidies are in many states available to some low-income or

disadvantaged families. There are moves towards universal access to pre-kindergarten programmes in many states.

At 0 and 1 years of age, about 20% of children are cared for by parents on a full-time basis, more than half are cared for in homes by a relative or in-home childminder, about 22% are in neighbourhood family child care and about 9% of children are cared for in centres. At 2 and 3 years of age, about 39% of children are in at-home or informal kinds of child care arrangements. About 20% of 2 year olds and 41% of 3 year olds are in centres, while nearly 50% of 3 year olds are in private, part-day, nursery school programs. About 60% of 4 year olds are enrolled in educational-type programs in nursery schools (some kindergartens). Almost all 5 year olds are enrolled in free part-time or full-time kindergartens in schools.

For new mothers working in firms with over 50 employees, there is a statutory right to a 12 week unpaid leave at the time of pregnancy, childbirth or illness. Employers can require that employees use their vacation and sick leave before claiming family leave. Workplace contractual agreements give paid maternity leave to some percentage of employees.

The average quality of centre-based care in the United States is not high. Only 14% of centres and 13% of family child care homes are estimated to be of good quality. Regulations governing child care vary across states. In general, legislated child-staff ratios are from 4:1 to 6:1 for infants, from 10:1 to 20:1 for 4 and 5 year olds, with ratios for 2 and 3 year olds being somewhere in the middle.

Apart from kindergarten services, most of the costs of child care are borne almost entirely by parents. Even with low child care worker wages and relatively low quality, the average price of child care in the U.S. is over \$4,500 (Canadian) annually. As a result, low-income families pay, on average, 18% of their income for child care and many families choose cheaper forms of care. The Dependent Care Tax Credit permits eligible parents to pay for part of the cost of child care with pretax rather than aftertax dollars.

Research on child care and education in the United States is much better funded, more ambitious, and better done than similar research in other countries. This is true of evaluation studies and of original research. Much of what we know about child care, quality and the development of children comes from U.S. research.

(TABLE 1 goes here)









CHAPTER SIX MODELS FOR THE DESIGN OF EARLY CHILDHOOD EDUCATION AND CHILD CARE POLICIES

Even if Early Childhood Education and Care programs have positive effects on children and families, which we believe they do, it is necessary to design funding and institutional arrangements which maximize benefits and minimize costs. Arrangements across jurisdictions differ considerably. Some jurisdictions rely strongly on parental choice, subsidizing acceptable forms of care and seeking to enhance quality, while providing special support for children in families with low incomes or at risk. Most jurisdictions provide public ECEC services, often within educational auspices, to children from 3 years onwards, but this may only cover the school day. Even among jurisdictions that invest significant amounts of public money, the structure of that funding can differ significantly.

There are several issues about ECEC policy which are worth addressing. Much of this discussion is based on a recent paper by Cleveland and Krashinsky for the OECD (2003); the OECD report *Starting Strong* (2001) has also inspired some thoughts. Let us address the following issues:

1. Should assistance be targeted or universal?
2. Should services be directed towards education or care?
3. At what age should assistance start?
4. Is the quality of ECEC services an important consideration?
5. Should funding be provided on the demand side (subsidies to consumers) or the supply side (public provision or financial assistance to producers)?
6. If funding is provided on the supply side, should it be public provision of services, non-profit services or services by commercial providers?

Should assistance be targeted or universal?

The appropriate answer to this question would appear to be “both”, but mostly universal. As Judge McCain and Dr. Fraser Mustard have observed, the children who can benefit from ECEC programs are not concentrated in low-income, disadvantaged families. The benefits to children from low-income families are well established, and the benefits of well-designed programs are long-lasting. For example, evidence from the Perry Preschool Program suggested a payoff of as high as 7-to1 for dollars spent on the most disadvantaged children.

There is a natural temptation for governments with limited resources to focus those resources on recipients with the highest needs. However, we favour universal eligibility for ECEC programs, for some of the same reasons that public education services are universally provided: universal programs provide a natural integration of different types of children, a desirable social goal in its own right; because ECEC provides desirable benefits to all children, it is short-sighted to save money by providing it only to the most needy, even if they could be readily identified; universal programs garner broad public support, both from parents and from many others. Combined with universal access, some programs will offer enhanced programming to children with a wide range of special needs and abilities.

Should services be directed towards education or care?

Traditionally, there has been a strong separation between educational services for young children and care services oriented towards the employment needs of working families. For instance, most of the universal ECEC services in Europe, such as the *ecoles maternelles* in France, were originally established as educational services. Research on the developmental effects of care on children over the last couple of decades has removed the gulf between these policy orientations. It is now understood that the best education for young children comes in the form of structured play. Similarly, it is understood that the potential developmental effects of extended non-parental care arrangements are too important to ignore. Quality of care matters.

Many countries in the OECD have developed national pedagogical frameworks to promote an even level of quality across age groups and types of provision, to help guide and support professional staff in their practice and to facilitate communication about these issues between staff and parents. There is a trend, the OECD observes, toward frameworks which cover a broad age span to support continuity in children's learning. For the most part, these frameworks focus broadly on children's holistic development and well-being, rather than on narrow literacy and numeracy objectives.

A recent study of the benefits and costs of ECEC services in Canada for children 2-5 years of age (Cleveland and Krashinsky, 1998) came to the conclusion that the incremental benefits of providing developmental quality ECEC to all children in this age range would exceed the costs by a ratio of 2 to 1. Approximately half of the benefits derived from improved care for children, while the other half derived from an improved employment situation for parents. By implication, services which both provide for the "educational" needs of children and facilitate labour force attachment for parents are likely to deliver the highest ratio of social benefits to social costs.

At what age should assistance start?

Most countries have focused their resources on children between 2 or 3 years of age and school age, although the services for under 3's have been increasing. As in Canada, many countries have extended maternity and parental leave provisions to provide for children in the first year of life.

The argument for prioritizing assistance to children age three and up has more to do with the widespread acceptance of preschool services in this age range than it does with research about benefits to children. Even in Canada and the United States, where ECEC traditions are historically somewhat weak, the use of kindergarten and junior kindergarten services is almost universal where they are available, both by families in which parents are employed and those in which one parent stays at home. In provinces where kindergarten is available on a full school-day basis (Quebec, Nova Scotia, New Brunswick, French-speaking boards in Ontario), the vast majority of children attend for a full day.

Is the quality of ECEC services an important consideration?

As indicated by the research summarized in Chapter Two, the quality of Early Childhood Education and Care services is of paramount importance in determining the benefits to children. As a result, the quality of services is a primary policy concern and tends to determine decisions about how services should be delivered and how services should be funded. The most fundamental ECEC policy decisions therefore tend to be those affecting the tradeoff between ECEC quality and costs of provision, or ECEC quality and complete liberty of parental choice.

Should funding be provided on the demand side (subsidies to consumers) or the supply side (public provision or financial assistance to producers)?

One key issue is whether public intervention will occur on the demand side or on the supply side. Some countries direct funding through families, allowing parents to make decisions on what kinds of ECEC are best suited to their children. These demand side subsidies can flow through the tax system as credits or deductions. Alternatively, they can be provided directly through vouchers, or they can be provided by allowing parents to choose types of care and then designing funding mechanisms in which the funds follow the children.

Other countries subsidise certain types of ECEC directly and arrange for those services to be provided to parents and children. These supply side subsidies are usually limited to specific types of care, so that parents who choose other types of ECEC may receive no subsidisation. Approved types of care will thus be provided to parents at below-market prices (and, in some cases, for free). Supply-side subsidies can also be provided in a variety of ways. ECEC services can be

provided directly through the public sector by various levels of government, or ECEC services can be provided by subsidising private sector producers who meet certain standards. When the government chooses the latter option - that is, when it chooses to, in effect, contract out production to the private sector - there still remains the question of whether for-profit firms will be considered eligible for subsidy, or whether subsidies will be limited to non-profit organisations. Even in the latter case, there remains open the issue of the extent to which those organisations will be governed by parent boards or to what extent boards of directors will be independent of direct parental control.

The debate over supply-side and demand-side subsidies has to some extent mirrored the voucher debate in education. The analogies are not precise, since in the educational voucher debate, the supply-side subsidies being discussed are usually limited to those provided only to public providers. We will take up the issue of public vs. private provision in another subsection below. However, a significant part of the voucher debate has indeed focused on the efficacy of parental choice, and that is the key feature in the supply-side-demand-side discussion (for a more detailed discussion of these issues, see Krashinsky, 1986).

Those who believe in educational vouchers emphasise the effectiveness of parental choice. Parents can choose the types of educational institutions that best serve their children, and can use market forces to discipline unresponsive public educational bureaucracies. Voucher advocates quote figures showing that private educational institutions provide better education at lower cost, and suggest that even the poor would benefit by the ability to use vouchers to escape ghettoisation in inner city schools. Vouchers would lead to educational innovation and provide incentives to competing schools to reward effective teachers and get rid of ineffective ones. The argument, stripped of its rhetoric, amounts to the case for the superiority of markets over other institutions. Markets allow consumers to purchase what they want, and to punish institutions that fail to deliver.

Those who oppose vouchers argue that parents have difficulty in measuring quality in education, and that private schools are not really more effective than public schools. Private schools can choose their students, and can avoid students who are disruptive or hard to educate. The public school must take anyone who shows up, and has difficulty getting rid of problem students. Voucher systems would have to be designed to force voucher schools to take anyone who wished to attend, and would have to have central agencies which could monitor voucher schools to ensure that they complied with requirements and delivered what state regulations dictated.

The issue is clearly a complex one. In opting for demand-side subsidies, the state is ceding authority to parents, allowing them to use the subsidies to choose what they believe is best for their children. Parents can shop around, and economic theories of markets tell us that suppliers will respond effectively to the

demands of parents. There are however two potential problems with this approach. The first is the issue of whether or not parents can effectively judge the quality of ECEC services available in the private market. The second is that parents' goals are not always consistent with what the state desires when it offers subsidies.

Consider the first issue. Markets only work well if purchasers can effectively monitor the output they are purchasing, and reward firms that produce the highest quality for the lowest price. But the market for childcare is decentralised and somewhat chaotic. Many parents have never purchased childcare before, and by the time they learn what they need to know, their children are old enough so that the parents may never purchase childcare again. Working parents have little time to seek out and evaluate childcare, even if they knew entirely what they were looking for. Furthermore, the direct consumer of the care - the child him or herself - cannot easily communicate with the parent about what kind of care is being delivered. And the effect of good or bad childcare is seldom immediately apparent. For these reasons, studies have found that parents often over-estimate the quality of the care that they purchase relative to the assessments of objective measures of developmental quality attributes.

Turning to the second issue, let us assume that parents can perfectly monitor quality. The assumption implicit in demand-side subsidies is that the parent will be an effective agent for the state. Thus the decision by the parent to purchase ECEC will not only obtain the most quality for the lowest dollar from the perspective of the parent, it will also obtain the most public benefits at the lowest price.

Parents, however, are interested predominantly in the private benefits of ECEC. Only if there is no possibility of substituting private benefits for public benefits will the private decision maximise what the state is subsidising. For example, parents want the best possible education for their children, and that means getting their own children into schools with good teachers and few other children who are disruptive or hard-to-educate. Parents may also want forms of education that run counter to public policy. For example, some parents may not want their children exposed to teaching of evolutionary theory, or to alternative religious beliefs, although both are important in a scientific and pluralistic society. Thus vouchers can lead to segregated forms of education, and to limits on the choices of problem children. To ensure that this does not happen, the public authority must set up elaborate regulations and enforcement mechanisms.

For either of these two reasons, demand-side subsidies may not deliver exactly what the public authority intends. In that case, it will be necessary to weigh off two competing effects. Demand-side subsidies provide all the benefits of competitive markets. Against these benefits must be stacked the costs of monitoring private decisions to ensure that public funds end up providing the

benefits for which they were allocated. There is no easy way to determine whether the costs of monitoring are less than or greater than the gains from competition. For that reason, different countries choose different mechanisms for subsidising ECEC.

It should also be emphasised that the debate over demand-side and supply-side subsidies is often a proxy for a quite different debate over standards and quality. In systems with little public money, parents often rely on informal childcare when they work. This care has minimal educational and developmental components, and is often of quite low quality. Demand-side subsidies usually cost less, because they subsidise these kinds of low-cost childcare. And because those subsidy rates are often set at low levels, most parents cannot afford the high-cost high-quality ECEC that most childcare professionals favour.

In contrast, supply-side subsidies are usually limited to care that meets minimum educational and developmental standards. These subsidies usually cost significantly more per child. Thus the debate over demand-side and supply-side is often really a debate over what kind of quality will be provided and what kind of standards will be set.

If funding is provided on the supply side, should it be public provision of services, non-profit services or services by commercial providers?

Another issue of concern when using supply-side subsidies is the degree and nature of centralised control over what happens within the organisation providing ECEC. One alternative is to organise ECEC as an add-on to the existing public education system. Alternatively, a separate stand-alone public or private ECEC system can be set up.

The issue of public provision is also a complicated one that has been resolved in different ways in different OECD countries. Some countries direct subsidies to approved private childcare centres. Other countries prefer to produce ECEC through the public sector. Even in the latter case, production may be devolved by central authorities onto local governments, or may be produced directly through central agencies.

In economic terms, the decision is similar to that of a firm deciding whether to produce a needed input itself or to contract for that input with an external supplier. More simply put, this is 'make it or buy it' decision, and there is a long and well-established literature in economics on it. The key issue is one of transaction costs. Each mode of production involves different costs to ensure that the right product is delivered at the lowest possible price. If the firm decides to 'make it', it is opting for internal production. Because of the open nature of employment relationships, monitoring quality within the firm has some advantages. But the monopoly position of internal suppliers can make for

command and control problems. When costs rise or quality falls, correcting the problem requires complex interactions within the corporate bureaucracy, and this can be expensive. In contrast, when the firm decides to 'buy it', it is opting for contractual arrangements with external producers. While this allows the firm to shop around for the best price and the highest quality, monitoring quality is also a costly process. Uncertainty may lead to expensive contracting, and to the possibility of opportunistic behaviour by one side or the other. Dealing with this problem can also be expensive.

The decision by the firm is thus an ambiguous one. Where there is little uncertainty and it is easy to specify the nature of the input being purchased, this argues for buying the input outside the firm. Where there is lots of uncertainty, and where contracting and monitoring are expensive, internal production of the input will be preferable. Firms in the real world generally engage in both types of production, suggesting that the debate is always an open one.

In the case of ECEC, the issues can be looked at in the same way. The state has to regulate private producers who receive subsidies in order to ensure that public funds are effectively used, and that the right kinds of ECEC are being delivered. But public bureaucracies can themselves involve rent-seeking, as has been well-documented in the public choice literature (some of the earliest discussion of this is in Niskanen, 1971). What this means is that public ECEC is likely to cost more than privately-provided ECEC, but that it will be unclear whether the additional cost in the public sector is buying more of what public authorities desire, or whether the higher costs simply represent a form of rent. In practical terms, much of the higher cost in public ECEC centres is caused by higher salaries. We know that higher salaries can attract better educated and more committed workers. We also know that higher salaries in the public sector can in some cases simply represent an exploitation by public unions of their monopoly position. Economic theory provides no easy answers to which effect is greater. For example, Andersen and Andersen (2001) suggest that in Denmark public childcare centres are able to lobby more effectively for funds than are private producers, and thus are more successful in keeping staff-child ratios lower. But of course this leaves open the question of whether that is in fact the most effective way of increasing quality, or whether it is partially a way to reduce workloads. Childcare experts in Canada argue that increasing qualifications for childcare workers is a more effective use of funds than improving staff-child ratios (see Cleveland and Krashinsky, 2001, part 3).

There has been considerable debate in some countries over whether to permit public subsidies to flow to for-profit care providers. Not surprisingly, this debate is most active in countries with established for-profit facilities. When the government expands ECEC funding, these for-profit organisations naturally want to be part of the system. They argue that they can produce high quality care at low price, and that their entrepreneurial spirit allows them to innovate in ways not

contemplated by non-profit or public institutions. In the U.S., there are cases of municipalities contracting out part of their public education system to for-profit firms that guarantee to deliver higher quality output at a lower cost than is current in the public system.

Relatively little of the childcare literature addresses this issue. An early contribution is Nelson and Krashinsky (1974), which explored some of the advantages of different modes of production. There has however been a recent and extensive literature discussing the relative advantages and disadvantages of for-profit and non-profit forms of organisation (for a recent discussion of this literature, see Krashinsky, 1997). In general, the literature adopts a 'contract failure' approach. For-profit firms offer all the advantages contained in market capitalism: competitive firms strive to meet consumer demand and to keep costs down, because firms that fail to do so are driven out of business by competition. Non-profit institutions lack this emphasis on profits and thus may divert resources to other goals. However, contracts between buyers and sellers will fail when buyers cannot monitor performance, or when there are public goods. In those cases, non-profit institutions may offer significant advantages simply because they lack the same incentive to engage in opportunistic behaviour.

It is important to separate rhetoric from reality on these issues. Childcare advocates sometimes argue that the profit motive should play no role in social services, because profits will inevitably divert resources away from the service and will reduce quality. If markets work well, this argument makes little sense. Economic theory tells us that competition will erode profits, and competitive firms will earn just enough profits to guarantee a fair return on invested capital. Since non-profit firms will have to borrow to buy capital, and will have to pay interest on those loans, the notion of diverting revenues towards profit seems questionable. Yet there is some truth in that argument. If buyers cannot judge quality and cannot monitor what they are purchasing, then for-profit firms will have an incentive to degrade quality in order to raise profits, and the normal market mechanisms to prevent this will not function effectively. The non-profit literature suggests that under these circumstances, non-profit firms may be more trustworthy and may produce higher quality for a given level of expenditure, despite any inefficiency that results because of the absence of the profit motive.

Relying on non-profit organisations to eliminate opportunistic behaviour can however be problematic. Krashinsky (1999) suggests that non-profit day care centres in Canada do indeed provide higher quality care than do for-profit centres. But this occurred in an environment in which centres derived no particular advantage by calling themselves non-profits. He questions whether higher quality will continue if the government limits subsidies to non-profits, since the law governing non-profits contains relatively few provisions for enforcement. That is, if the government will only deal with non-profit centres, then for-profit centres have a significant incentive to masquerade as non-profits by incorporating themselves under the non-profit statute. Day care centres are small institutions

that can easily disperse profits under a variety of other names, e.g. management fees and rental payments to owners.

Many jurisdictions handle this problem by requiring non-profit ECEC organisations to be governed by boards of directors that are dominated by parents and/or public representatives. An alternative would be to allow non-profits to form in a variety of ways, but to subject them to the overview of larger established non-profit institutions (churches, Y's, quasi-public children's bodies, etc.). All of this suggests that it is the governance structure, more than the legal form that dictates the ways in which ECEC organisations operate.

Again, it is important to understand that the debate on this issue may also serve as a proxy for a quite different debate. Because non-profit childcare centres have traditionally emphasised quality more than for-profit centres, the political decision to extend subsidies to for-profit firms may in fact be a decision to spend less on quality. When advocates argue for non-profit ECEC, they are often in fact arguing for higher quality rather than about the institutional form per se.

CHAPTER SEVEN CONCLUSIONS AND RECOMMENDATIONS

An appropriate policy on Early Childhood Education and Care would be based on the following propositions or principles, derived from the material presented in the chapters above:

9. ***The early years are critical*** – The years before children are in compulsory schooling are crucial because the development of children – physically, socially, emotionally, behaviourally, cognitively – is so concentrated in the early years. Giving children an equal start in life means providing resources for them when they are very young. The returns to our investments in children have a high payoff because of two factors: the long horizon over which the payback occurs, and because getting it right at the beginning is much easier and cheaper than fixing it later.

10. ***As a society, we are underinvesting in the early years*** – We invest about 40 times more public dollars into education at the primary, secondary and tertiary levels in Canada than we do in providing early education for young children in their preschool years. Yet the effects of a dollar spent on young children would appear to be at least as great, probably greater, for younger children as for older. As Nobel prize winning economist James Heckman writes “In the long run, significant improvements in the skill levels of American workers, especially workers not attending college, are unlikely without substantial improvements in the arrangements that foster early learning. We cannot afford to postpone investing in children until they become adults, nor can we wait until they reach school age – a time when it may be too late to intervene.” (Heckman, 2000, p.39; see also Carneiro and Heckman, 2003).

11. ***There are strong public benefits of well-designed ECEC programs*** – It is well known that there are important public benefits of education spending, through the effects on the productivity, good citizenship and lower crime rates of those being educated. There are equally important public benefits of facilitating the labour force attachment of parents. David Dodge, Governor of the Bank of Canada, discusses another important public benefit, related to the aging of Canada’s population: “The challenge will be to deal with a shrinking share of Canadians of labour force age. One way to deal with this is to postpone the average age of retirement. A second, and very important way, will be to make the process of human capital formation more efficient, so that people enter the labour market earlier and better prepared.... ..investment in ECD pays double dividends – one, it increases the efficiency of, and reduces the remediation costs in, the schools; two, it enables people to leave the formal education system earlier, thus meeting the demographic challenge.” (Dodge, 2003, p. 8).

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12. ***Other countries are investing more in lifelong learning*** – Although the Canadian federal government has significantly improved the length of maternity and parental benefit payments and has provided encouragement to provinces and territories to develop programs aimed at early childhood, most provinces have been slow to embrace Early Childhood Education and Care as a priority (with the obvious exception of Quebec). The pace of development of ECEC policy and services in many countries has been swift in recent years. Even the United Kingdom, Australia and the Netherlands, whose policy traditions might be considered similar to Canada and the U.S. have recently made a priority of significantly expanding access to ECEC services. Countries who are much poorer than Canada on a per capita income basis, such as Portugal, Spain, Czechoslovakia, or New Zealand have placed a high priority on the development of ECEC services. Measured by dollars spent or services provided, Canada lags behind many other countries in providing early learning and care for its young citizens.
13. ***The quality of ECEC provided is fundamental to the public (and private) benefits gained*** – All the evidence we have (see the recent review of literature on the science of early childhood development in Shonkoff and Phillips, 2001) argues that ECEC programs can have overwhelmingly positive or somewhat negative effects on children and that the nature of effects depends directly on the quality of care experienced by the child. Therefore, the quality of services is a primary policy concern and tends to determine decisions about how services should be delivered and how services should be funded. The most fundamental ECEC policy decisions tend to be those affecting the tradeoff between ECEC quality and costs of provision, or ECEC quality and complete liberty of parental choice.
14. ***Although there will be both universalist and targeted elements in any ECEC program, the fundamental objective should be to provide services to most or all children*** – The 25% of children who are “vulnerable” to behavioural or cognitive problems in Canada are found to be spread across all income groupings, not strongly concentrated in low-income families. Although the benefits of good quality early childhood learning and care services may be especially positive for children from low-income families, ECEC can have important positive effects for children from all different backgrounds. Once we start considering ECEC as the first stage of most children’s education, the motivation for universal services becomes clear.
15. ***The design of early childhood education and care policies and services should facilitate parental employment*** – Of course, parents should be free to choose whether they seek employment or do not. And, of course, ECEC services should encourage and support early learning for all children, not just those whose parents are in the labour force. However, it is not possible to

ignore the origins of the widespread use of non-parental care by preschool children: the rapid and continuing growth of labour force participation by mothers of young children. A sensible and efficient policy on Early Childhood Education and Care will be one that expands children's capacities and helps parents balance their work and family lives at the same time (OECD, 2002). When child care of reasonable quality is available at a price that does not deter labour force participation, and is available during hours that support full-time or part-time work, parents are more able to balance their family and income needs. As Dr. Fraser Mustard and Hon. Margaret Norrie McCain put it "It is not possible to implement Early Childhood Development programs in the 21st century without also providing non-parental care." (2002, p. 31). In their cost-benefit analysis of good quality ECEC programs in Canada for children from 2-5 years of age, Cleveland and Krashinsky found half of the benefits were due to the effects on children, but the other half were due to short and long term benefits to families and society from enhanced labour force attachment of parents (1998).

- 16. Parenting matters most to the early development of children, so parenting and ECEC services must be complements rather than substitutes** – Early learning and care services, particularly when they are of high quality, have important positive effects on children, and tend to offset family-based sources of risk. However, parenting is a much stronger influence, and an enduring one. This is one reason why a system of ECEC services and programs is important – with maternity/parental leave complemented by income and parenting supports and by a network of different ECEC services and early childhood development programs in local communities. As recommended by McCain and Mustard, and as implemented in Quebec, ECEC services are as much a part of family policy as they are education/human development policy. The point of making good quality ECEC services accessible to families is to provide some building blocks for positive family functioning in a new era dominated by parental employment.

RECOMMENDATIONS

There are two fundamental recommendations in this report. In combination, they are designed to establish a comprehensive system of early childhood education and care in the province of Ontario.

The first is that the Province of Ontario should mandate school boards to provide full-day senior and junior kindergarten, with lunchtime supervision included. Further, school boards should be responsible for developing complementary integrated services to provide care for children outside of school hours and outside of the school year.¹⁹ Full-day senior and junior kindergarten

¹⁹ Johnson and Mathien (1998) found strong evidence of parental support for a move from half-day to full-day kindergarten at both junior and senior kindergarten levels.

should be free of charge (and non-compulsory), as at present. School boards may charge parents for the use of complementary services. There should be sufficient provincial funding to ensure that these complementary services are financially accessible to all families.

The Ministry of Education should devote additional resources to developing comprehensive curricular support for kindergarten programs, recognizing the importance of developmentally-oriented play, particularly in this new format. The Ministry should commence or sponsor a longer-term research program examining the impact of different curricular approaches, and examining the impact of different staff-child ratios, teacher training levels and other factors in determining the effects of kindergarten programs on children socially, emotionally, physically, behaviourally and cognitively.

The second principal recommendation of this report is that the Ontario Government should establish framework legislation and funding to provide for the development of a comprehensive network of good quality Early Childhood Education and Care services, initially for children at age 3 and gradually moving downwards to provide care to children of younger ages. These services must be of good quality (initially reflecting at least a score of 5.0 on the Early Childhood Environments Rating Scale or the Infant-Toddler Environments Rating Scale). These services would include licensed child care centre programs, nursery schools and regulated family homes, licensed and regulated by the provincial government, and other forms of services as appropriate (e.g., aboriginal child care programs, family resource centres, resources for children with special needs, drop-in centres, in-home caregivers).

These services would be community-based, with funding and planning and co-ordination of services handled through municipal and local authorities (with most of the funding originally provided by the provincial and federal governments, and overall planning of service provision and public accountability by the provincial government). Local access to services and information to parents about available services would be co-ordinated through a neighbourhood hub of early childhood services. Existing Early Years Centres would be integrated into the locally planned system.

These ECEC services would provide full-time learning and care for children with employed (or student) parents and part-time learning and care for families with one parent at home. Different provider groups would be encouraged to develop different philosophical and curricular approaches within the context of a quality program. The provincial government would stimulate a serious research program to assess different curricular and other approaches to provision of ECEC services. The services would be provided at a modest fee to parents (the \$5 per day fee is one possible model; a sliding scale based on income is another). In

order for services to be universally accessible, fees could not exceed 3%-5% of after-tax income.

FACTORS AFFECTING THE DESIGN OF ONTARIO'S ECEC SYSTEM

The design of a system of ECEC services is necessarily a compromise among a number of objectives, and involves awareness of political acceptability, social norms, and existing jurisdictional arrangements. The design of Quebec's ECEC reforms has been described above in Chapter 4, and our suggestions are partly based on their experience with this model.

The most important objective of policy design is the developmental quality of the care and education provided to young children. The best available research identifies the key aspects of this quality and its positive effects on young children. The specific education of teachers and directors, the staff-child ratio, the size of classrooms and the availability of resources are evident determinants of this quality, but there are other less tangible aspects such as morale, enthusiasm, worker satisfaction, and collective dedication to quality which appear to be important as well. The implication is that an ECEC system in Ontario needs to be dedicated to the development and education of its children as the central and continuing priority.

There are other objectives as well, for example, keeping costs down, enhancing parental choice of service attributes and types of care, enhancing parental influence over policies, support for the needs of all different kinds of families (including those with a parent at home), providing support for the employment needs of parents. None of these are absolute. Keeping costs down conflicts partially with maintaining adequate quality; the complete freedom of parental choice is limited by subsidizing only ECEC that meets acceptable levels of quality, etc.

As described above, we recommend full-day kindergarten for four and five year olds, located within the public school system and administered by the Ministry of Education and school boards. The schools, especially for elementary grades, have very high acceptance by parents as the appropriate centres for the education of children. Administrative and management mechanisms are already in place and well-established. These could be adapted and amended to provide, monitor and evaluate play-based educational services on a full-day basis for young children. In order to support parental employment, services need to be available beyond regular school hours to care for children. These would be organized by school boards and provided on school premises in regular classrooms, gyms and playgrounds. If school boards are unable to provide these extended ECEC services, child care centres with qualified teachers could provide both kindergarten and extended ECEC services seamlessly.

Parenting and early childhood education are more effective when they are more consistent with each other. School boards need to pay special attention to establishing mechanisms for parent-teacher communication and mechanisms for parents to collectively influence the design of activities in the kindergarten classroom.

We have further recommended that an integrated system of Early Childhood Education and Care services should be developed for children less than four years of age. The primary focus of these services should be to provide play-based developmental experiences for young children. The Quebec model with adjustments would be the model for policy and institutional arrangements in Ontario; this model is consistent with the community-based orientation of McCain and Mustard.

A viable Ontario model would be comprised of several components:

1. a provincial ministry responsible for establishing and legislating a clear policy framework, long-term and medium-term objectives, regulations, monitoring and provision of public funding;
2. The continuation of the role of municipalities in co-ordinating service delivery, local planning, allocating public funds and an enhanced role in monitoring quality of services
3. Direct service delivery would be provided by child care centres and family homes co-ordinated by family home child care agencies (as at present). The major institutional innovation in Quebec has been the formation of larger agencies (CPE's) to co-ordinate the delivery of both centre-based and family home child care services. These community-based non-profit organizations are controlled by parent users and managed by professionals. In Quebec, these CPE's help to meet two challenges – management and financial weaknesses in small child care centres, and weaknesses in continuous quality monitoring and evaluation in small facilities. This service delivery innovation should be encouraged in larger municipalities in Ontario. Parents would have the freedom to choose a centre or family home and part-time or full-time care by preference and move from one to another or from one agency to another as needs and situations change.
4. Public funding of a substantial component of the costs of services provided by these child care centres, early childhood agencies and family home child care agencies.
5. A parent contribution which is fixed at a flat rate of \$5-\$10 per day for most parents, but reduced further for low-income parents. Educationally-oriented services are intended for all children; access to ECEC should not be dependent on employment status of parents. Removal of the financial barrier of child care costs will encourage many parents to maintain strong labour force attachment..

THE PUBLIC COST OF ECEC REFORMS

Education is not inexpensive. Education and care of young children, in particular, is not inexpensive. Currently in Ontario, the full-time-equivalent cost of Senior and Junior Kindergarten is just less than \$6,700 per year. Assuming that SK and JK become full-day services with no charge to parents, and that complementary care services before and after school and during school holidays are provided on a cost-shared basis with parents, the total public cost per child would be in the range of \$8,000 - \$8,500. If class sizes in kindergarten were reduced in line with Quebec (from about 24 children to 20 children) there would be a corresponding rise in costs. Current annual expenditures on kindergarten in Ontario are \$383 million on Junior Kindergarten and \$439 million on Senior Kindergarten. These figures would more than double if kindergarten became full-day and complementary care services were provided.

The public cost of ECEC services for children less than four years of age is somewhat more difficult to estimate. In particular, take-up rates by children of different ages will significantly affect cost estimates. Cleveland and Krashinsky (1998) estimated the cost of a universal program of ECEC services of good quality for 2-5 year old children across Canada would cost \$8500 per full-time child on average. Costs in Ontario are somewhat higher than in other provinces and the costs for younger children are somewhat higher. On the other hand, parents would contribute about 20% of the costs. In addition, not all of the costs are incremental costs. A reasonable estimate balancing these different considerations might be that the public cost per child would be similar to the public cost of kindergarten (about \$8,000 - \$8,500). The total cost of the program would depend very much on the take-up by children at different ages. It would make sense to phase in the program over time, starting with 3 year old children.

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APPENDIX A

List of Persons Interviewed

Aaron Burry, Director of Community Service, Ottawa
Jane Beach, British Columbia Child Care Consultant
Jane Bertrand, Atkinson Centre for Society and Child Development
Barbara Buffet, Dryden Children's Centre
Lynn Carlson, Manager, Dryden Children's Centre
Carl Corter, Associate Dean Research, Ontario Institute for Studies in Education,
University of Toronto
Maria deWit, Chief Executive Officer, Family Day Care Services, Toronto
Cheryl deGras, Ontario Coalition for Better Child Care
Gillian Doherty, Research Consultant, Mississauga
Sandra Griffin, Executive Director, Canadian Child Care Federation, Ottawa
Marie-Lison Fougère, Director, Policy and Program Branch, Ministry of
Education
Martha Friendly, Child Care Resource and Research Unit, University of Toronto
Barbara Lampert, Children's Services Advisor, Toronto Board of Education.
Vivian McCaffrey, Elementary Teachers Federation of Ontario
Kim MacDonald, kindergarten teacher, Ottawa-Carleton Region
Julie Mathien, Children's Services Department, City of Toronto
Elizabeth Moffat, Acting Director, Early Years Challenge Fund,
Dr. Fraser Mustard, Founders Network, Toronto
Emily Noble, President, Elementary Teachers Federation of Ontario
Mary Parker, Director of Children's Services, Waterloo Region
Charles Pascal, Executive Director, Atkinson Foundation, Toronto
Lesley Pettigrew, Early Years Supervisor, Thornhill Ontario Early Years Centre
Marna Ramsden, General Manager, Toronto Children's Services
Lorna Reid, Director of Children's Services, Peel Region
Peter Rządki, Assistant Deputy Minister, Ministry of Family, Community and
Children's Services
Eduarda Sousa, Executive Director, Association of Early Childhood Educators ,
Ontario
Kathy Sarginson, Chief Executive Officer, Association of Day Care Operators of
Ontario
Tom Sweeting, ADM, Office of the Budget and Taxation, Ministry of Finance
Elizabeth Wagle, Director of Community Services and Housing, Region

APPENDIX B KEY INFORMANT CONSULTATIONS

At the beginning of 2003, the consultants consulted with 29 key informants including municipal, provincial and federal officials, business, labour, academic and public policy leaders and members of the children's services delivery sector. Informants were provided with a synopsis of the Commission's mandate and a short series of questions pertinent to their areas of expertise. They were also asked for their recommendations of how to improve the field of early childhood care and education.

Many of the opinions of the key informants are incorporated in this report but the following provides additional highlights from the consultations.

Provincial Objectives for Early Childhood Care and Education

The provincial government has described its objectives as "targeting funding to improve the health and well-being of children under six, help parents in their important role, provide equal access to early years information across the province, and help communities address the needs of their youngest children. In addition, they have enhanced existing services and introduced a number of new programs to provide a broader spectrum of services".

In contrast, the key informants were unanimous in the recognition that there were major gaps in the province's policy objectives for early childhood care and education. Even the participant who saw the Early Years Plan as a first step, recognized that there was a lack of a broader policy framework and a coordinated system of public funding to support all services for young children. ***Anything But Child Care (ABC)*** is the ECEC community's catch phrase for the Province's policy objectives. Noting that the critical element of child care was a key missing component, it was noted that the Province's business plan doesn't address regulated child care. Key informants went on to point out that there was no recognition of benefits of ECEC therapeutically for many children; that the current objectives further alienated and marginalized and segregated regulated child care. As one informant noted "it took child care out of the heart and set it in a box and then cut its funding." To one key informants it appeared archaic that the province was backing away from parents seeking non-parental care.

At the extreme, one informant suggested that the objectives were designed to create the illusion that the government cares about ECEC in contrast to the reality. For example, the first thing the present government did was to cancel 13 pilot projects designed to test out cost-effective models for seamless integrated programming. When Jane Stewart extended employment insurance benefits for parental leave to a year, Ontario failed to extend the provincial legislation for

months – not until the scream index went off the map did they respond; similarly with the McCain and Mustard Study. The suggestion was that the government has been able to mask what they’ve been doing and been successful at using the ECEC umbrella to suggest they’re doing wonderful things for young children.

There was general consensus that Ontario thinks it has implemented the recommendations of Early Years Study by providing “early child development without touching regulated child care.” Ontario’s Early Years Plan does not even mention non-parental care. It creates new entities in the form of Early Years Centres but doesn’t integrate them; it hasn’t implemented early childhood development as a province-wide strategy as recommended by McCain and Mustard.

Others emphasized the fact that there was no coordinated policy response which brought together existing initiatives with the new Early Years Centres and programs. All the Early Years Plan did was to increase the fragmentation, incoherence and confusion for parents by reinforcing the existing silos: public health, children’s mental health, children’s developmental services, Early Years Centres; child care programs, kindergartens, Challenge Fund, etc. So Healthy Babies, Healthy Children are under Integrated Children’s Services, bringing in home visiting programs with 100% funding under Health; junior kindergarten is still delivered under Education; child care has been devolved to the CMSMs/DSSABs at the municipal level. Rather than setting up a planning unit, the province just sprinkled money around and parachuted programs on top. Others felt that it encouraged a false understanding of the possible benefits of a very limited early childhood program (e.g. 2 weeks school readiness program). Several informants pointed out that the policy objectives were oriented to parenting support not children and that the province’s business plan does not address regulated child care.

Early Years Plan

The Early Years Plan was introduced in 2001 to enhance programs and services to benefit all parents with children up to age six. Highlights of the plan include a \$46 million commitment to establish Ontario Early Years Centres in each riding across the province. In addition, the Plan includes additional investments in targeted and universal early years programs such as Healthy Babies, Healthy Children, autism, infant development and children’s mental health initiatives.

These Early Years Centres are intended to support parents in their important role and are providing a place where they can get programs and services, as well as information about services and connect to other programs in their communities. The Early Years Centres are intended to serve as a focal point for integrating children’s services in communities, allowing different groups and agencies to come together and work with parents to support their children.

All the informants agreed that the Early Years Centres were an important component of a system of ECEC and were particularly good for increasing awareness of the importance of early childhood development through their public education literature and programs.

At the same time, most of the informants viewed the Early Years Centres more cynically. The majority of informants characterized them as a provincial program with branded centres, paying more attention to the size of the logo than responding to real community needs.

However, all of them pointed out that they already existed and were funded by the province as part of existing child care services and called family resource centres. Many informants suggested that choosing to use such a substantial amount of the federal Early Childhood Development Initiative funding to build and establish 103 new Early Learning Centres which already existed across the province in the form of Family Resource Centres was a missed opportunity. Further, there was concern that there had been no recognition of the broader role of CMSMs/DSSABs as service system managers and the net result was to increase program fragmentation and policy incoherence as opposed to the desire to become more organized. The infusion of funding into the family resource centres was welcomed and some communities in the ECEC sector have been able to take it and do positive things. One key informant described them as “information kiosks” with no research or evaluation process to evaluate the effectiveness of the programs. No real government objectives just the utterance of platitudes about the importance of the early years, but no follow through. As one key informant said, “It’s like ice cream on Sunday – hard to criticize, but doesn’t do you a lot of good.”

Another participant described how in her Region family resource centres used to share \$420,000 between them and were now getting a (by comparison) huge infusion of \$2.2 million plus capital, plus start-up!

As one informant said, “In the end we’ve got well-funded family resource centres across Ontario to serve parents, caregivers and children, but in light of the urgent need for child care it’s a dumb use of the funding.” Some participants didn’t like the fact that the policy created negative divisions between child care and Early Years Centres – quite the opposite effect of being the hubs described in the Mustard & McCain study – by implicitly suggesting that child care is bad because Early Years Centres are different and where the money is. One participant noted that “they’re really for stay-at-home Mums and most of the focus is for parents, not kids.”

There was concern that the Early Years Centres were not able to live up to their billing as a centre where parents could get information and services. Rather, they

were seen by some as places where parents went to get another address to go to where they would be put on a waiting list, such as speech and language therapy, the autism program, etc. In other words, said one informant, “the Emperor has no clothes because you can’t get what you need there.”

Another feature of the Early Years Plan, the Early Years Challenge Fund was created by the provincial government in 2001 to support new and enhanced programs and services for children up to age six and their families in communities across Ontario. The government’s contribution of over \$25 million has been matched by equivalent community contribution. Informants agreed that this program has supported some good projects and the funding is welcome.

Devolution

Responsibility for child care services was devolved to 47 Consolidated Service Managers (CMSMs/DSSABs) and DSSBs by the end of 1998. CMSMs/DSSABs/DSSBs are required to conduct service plans every three years with annual updates and file quarterly reports to the province. Along with devolution came new cost-sharing arrangements. Municipalities are now required to contribute 20% of the costs of wage enhancement grants, special needs resourcing and family resource centres, plus 50% of the administration costs.

There are mixed opinions about whether municipalities should house early childhood care and education services: In large proactive municipalities such as Toronto and the GTA, there is a lot of support for child care, it is a priority and treated accordingly. Many of the larger municipalities have their own child care departments, strategic plans and sophisticated web sites. These municipalities believe that they are best placed to understand and respond to the community’s need for early childhood care and education services. In these municipalities there is more opportunity for communities to influence the system, make deputations and argue for improvements to fit community needs; municipalities are better able to plan, but it does depend on the political will of Council and the level of support. There was concern that in CMSM/DSSABs where child care is not a priority, the needs of young children and their parents may not get the same attention. Many CMSMs/DSSABs are not putting in same 20% as they were before. One informant felt strongly that it was inequitable for a single parent with one child, earning \$25,000 per annum, in one community to have access to a child care subsidy and not have the same opportunity in another municipality. Several of the larger CMSMs/DSSABs indicated an interest in also doing licensing, monitoring and enforcement.

In contrast, Municipal Children’s Services Managers’ objectives include:

- providing a continuum of high quality child care options;
- providing early childhood care and education as a support to employment as well as beneficial to a child’s development;

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- high quality ECEC experiences for children with special needs or at risk in other ways assist children's emotional and other development exponentially;
 - work towards an economic mix in child care centres;
 - funding to support parent's real choices which include licensed child care;
 - programs must be measured for quality assurance;
 - interested in ensuring that child care centres are financially viable;
 - important to continually learn about parent's needs and respond to them;
 - parent education as an integral part of their work;
 - identifying and meeting broader social needs, e.g. Children's Aid, shelters, at risk children and families;
 - developing services for parents beyond traditional hours and services.

Support for a greater role in child care service management by the municipalities was somewhat muted by the severe child care funding problems facing municipalities. CMSMs/DSSABs have not received funding increases for ten years and many of them are having to put additional dollars into the service to maintain the viability of the sector, deal with shortages of funding for children with special needs, deal with the side-loading issues created by the Ministry of Education funding formula and deal with issues such as playground replacement. Further, municipalities were concerned that the service plans that are required by the province were not reviewed at all and the gaps in the plan are not funded. The value of the service plan resides with community and not as a tool to get additional funding from the province. CMSMs/DSSABs like accountability and being able to tell voters/taxpayers how their money was spent. CSMs find service planning a good exercise for the community and for politicians.

All the key informants from CMSMs/DSSABs felt that the Early Years Centres should be integrated into the existing child care service programs and there was optimism that the Early Years Centres will eventually come to CMSMs/DSSABs which have the infrastructure, are able to do the statistics and would be happy to integrate Early Years Centres with the rest of their programs.

State of Regulated Child Care Today

The biggest challenge facing the child care sector today is its ongoing viability. Lack of additional funding for licensed child care was mentioned as the biggest challenge to all the key informants. There has been no increase in child care funding for ten years (since social contract): No new money for increased municipal contribution; only new money was fee subsidy assistance for OW clients; set against an increased contribution by municipalities as mentioned above, a reduction in funding equal to the fee-assisted parent contribution and other costs borne by municipalities with 100% dollars in many areas. This is particularly difficult for expanding regions, such as the Region of York, where the child population 0-12 has increased 13-14% since 1996.

Secondary challenges included:

- the “dog’s breakfast constructed around the wage subsidy”;
- priority for Ontario Works and LEAP parents has resulting in reducing availability of subsidies for low-income working families.
- No cut in demand for OW spaces but a government cut in provision
- Restrictive eligibility requirements to qualify for subsidy such as only permitting subsidy for actual hours in work or study, so that night shift workers can no longer get subsidy during days when they are sleeping; eliminating subsidy eligibility for parents with over \$5000 in RRSPs.
- Wages have stagnated so even though there was some redress through pay equity at the beginning of the nineties, early childhood educators have fallen behind yet again. The industry is so demoralized that the viability of child care centres are now threatened.
- Kicking students off social assistance and making them apply for subsidy through OSAP which then has to be considered as income and paid back despite desperate need for child care for students.
- Subsidy eligibility and hours of care policy is a nightmare requiring city to match amount of care with hours of part-time jobs; full-time
- Problem for students. You can get LEAP to get Grade 12 education, but then if you want to go to College there’s no child care.

In general there was a feeling that the province was micromanaging the delivery of child care through very specific regulations which were not sensitive to individual communities and had the effect of threatening the viability of many child care programs.

Perhaps the Toronto example describes the state of things the best: In Toronto \$11.2 million was lost through a flip-flop on user fees; no COLA; Toronto now has to contribute 50% of admin costs; service not fully cost-shared; Ontario Works child care reduced by 200 spaces, even though waiting lists are not diminishing; the impact of the education funding formula has resulted in anything that’s non-school-use based costing additional dollars so the City had to add \$5.3 million to address occupancy costs; City also picked up capital program that was

eliminated and had to pick up on minor capital for health and safety in addition to the costs of the playground retrofit and replacement. As a result, Toronto needs an additional \$18 million just to stay where they are. Toronto need about \$11 million to restore 1600 spaces, \$8 million to maintain current service levels \$12 million to match the planned 2000 space expansion. Last year for the first time in 20 years, the City had to reduce by 1600 subsidized spaces and they're facing another 500 loss of spaces this year.

Another concern was voiced by one informant: "When you have a total of 25,000 parents across the province on a waiting list for subsidy, choice is an oxymoron!" Staff in the Early Years Centres are getting paid \$22 per hour for the exact same job in playgroups as child care workers who in Belleville are earning \$8.50 at \$9.50 per hour. Naturally, the cream of the crop of staff are leaving child care centres to work at the Early Years Centres. Despite the findings of *You Bet I Care!* that more training and higher wages are needed in child care centres to improve quality, the Ministry is giving out more and more director's approvals for centres to hire non-ECEs."

Unregulated Care

Informants expressed anxiety about the provincial government moving to use future federal funding to provide subsidies to the cheaper unregulated care under the guise of "parent choice" and "greater flexibility". There was community concern that "accreditation" might become a replacement for licensing with lower standards, which has implications for quality of care and children's safety and well-being.

Quality

You Bet I Care! There has been a complete absence of response from the government on the findings of the You Bet I Care study which found that Ontario received the lowest score for family home day care and only a mediocre score for centre-based child care. As a result children are not having the sort of educational experience that would make them school ready. This could be resolved by providing specialized ECEC training with reasonable remuneration but what's happened is that the reduction of support to licensed agencies means they can't do the training and support they used to do. What's urgently needed is to provide the networking and training opportunities for providers.

The Ontario scores were markedly worse than a survey conducted in 1992. The sentiment contained in one key informant's comment that "you have to be masochistic to work in child care given the working conditions and salaries" was echoed among many of the key informants.

Diversity

In Canada in the 90's almost two over every three children could not speak either English or French and an increased number of children came from visible minorities.²⁰ Ontario's child care centres offer a healthy start for immigrant children and yet it was felt that there was no appreciation by the province that child care could be a valuable, non-threatening environment to adapt to a new country and to learn English.

Evaluation and Record-Keeping

Key informants were particularly scathing about the province's ability to collect basic data. The lack of a coherent data collection system was stressed and it was emphasized that the province doesn't seem able to count inputs, let alone outcomes. It was noted that the province is not interested in taking a province-wide look at the situation and they are very nervous about interprovincial comparisons. Hence, the province declined to participate in the OECD review and presented serious barriers to any accountability measures for the new federal money.

Specific programs are required to collect data, such as the Ontario Early Years Centres but data elements are not defined. It was felt that the province counts beans not measurable achievements: the people, the visits, the hours, counting widgets; not effectiveness. It would not be possible for the province to answer the question: Do the programs make any difference to kids? One key informant believed that the best forms of evaluation of the provincial role was contained in the lengthy waiting lists, the reduction in fee subsidies, the October subsidy freeze, the empty fee-paying spaces in child care centres; no playgrounds for the children; staff having to work two jobs to make ends meet and staff leaving the field after only two years on the job.

In contrast, the municipalities are very proud of their data collection and information management systems. The Child Care Management System provides lots of data about the families they're serving and enables them to increase efficiency by spending to approval. CMSMs/DSSABs track days of care for fee subsidy, number of children receiving special needs resourcing, number of children in Ontario Works Child Care, LEAP and any special programs, numbers on waitlists, Children's Aid families, Violence against women situations, shelter situations, etc.

In addition the CMSMs/DSSABs monitor and evaluate their services. Some measure child outcomes with COR (High/Scope) and/or ICERS/ECERS, conduct NQI excellence assessments; customer service surveys to all fee-assisted and special needs parents; surveys and feedback forms to teachers in child care centres; some meet with their operators 3-4 times a year or conduct focus groups.

²⁰ Statistics Canada: Progress of Canada's Children

Toronto operates the flagship “Annual Report Card” which sets benchmarks and provides an integrated approach, is outcome based and non political. City publishes service data on a daily basis on its website complete with maps, vacancies, profiles of clients and other services available. The City has a number of evaluation tools including their own operating criteria requirements, Harmes and Clifford at their directly-operated programs, client annual satisfaction survey and performance reviews. York Region is on the second round of implementation of the Early Development Instrument (EDI) which is being 100% funded by themselves. The Region of Waterloo talked about placing particular emphasis at this time on raising the bar on quality so that they’re ready for expansion when the funding comes.

Qualifications and Training

There was no consensus among key informants on the direction of training for ECEC. A number of key informants stressed the need for having more staff with degrees and higher level training in pedagogy in order to give better leadership to centres; the most common suggestion was that ultimately 30% of staff in a centre should have a degree. The AECEO does not have a formal position on whether early childhood educators should have a degree but is placing its priority on demanding a college for ECEs as the first step in establishing credibility for the profession, believing that early childhood educators would then receive the respect, acknowledgment and wage levels from the government as professionals. Others talked about the possibility of reducing qualification requirements and introducing more of an apprenticeship program to allow staff to train on evenings and weekends.

A number of key informants pointed to the innovative “Toronto First Duty: Project” as an excellent pilot project exploring possible integration programs between child care centres, kindergarten and family resource programs. Issues of staffing and staff qualifications are at the centre of this project. No support has been received from the province for this project.

There needs to be more coordination between colleges and universities to allow students to move around; curriculum needs to adapt to be more multi-disciplinary, not just psychological perspective, but could add anthropology, sociology and biology. Most key informants believe that the colleges are doing a good job of delivering training, but the AECEO believes that cutbacks have affected the quality of the training, citing the closure of lab schools as being a problem.

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State of Kindergarten Today

Keeping it Clean was one informant's view of provincial policy. Keeping it on a business model with academic results without a lot of "airy fairy ho chow". The refocus on learning is welcome; at the same time it took away from other things in schools that were seen as peripheral such as child care; they would even have thrown out existing parent literacy centres except for the huge outcry.

Cuts to education have created problems of occupancy costs for child care programs. The City of Toronto now requires \$6.50 per square foot, which is a lot for struggling program with no additional resources; Music rooms, lunch rooms, computer rooms have been closed which makes it hard for schooled programs.

But the real challenge is expansion; there used to be a policy of new child care centres in all new schools; that got cancelled so now new schools are being built without child care even though the community needs the services.

Some CMSMs/DSSABs have found that kindergarten works better for a full day and have programmed their kindergartens to operate every other day over a two week period; makes more of a seamless day for the child, but this creates more problems for child care centre scheduling because centres end up with either a shortage of children every other day, or a double load on school holidays and PD days.

Federal Role

Many key informants felt that the maternity and parental leave initiative has been the most useful initiative over the last decade. There was also an excitement about the long-awaited National Children's Agenda and subsequent EDI and multi-lateral agreement offering concrete funding support to early child development. There was a strong sentiment of optimism that ECEC was now on the national agenda as a priority, and surely the provincial agenda would follow!

Future Directions

The majority of key informants interviewed regularly monitored developments in other jurisdictions, such as Quebec Europe and the United States. Although there was no agreement on the precise model for a future system, there was consensus on the need for a system with complete integration between care and learning from pregnancy to first year at school. Informants believe they should no longer be dealing with isolated providers of services and supports, but that children should enter the whole system. They can then access early identification of disabilities and all the things needed for getting a healthy start plus wrap-around

non parental care system that relates to working parents' needs. It was agreed that what's needed is a clear vision.

One key informant suggested we needed a comprehensive Provincial Children's Agenda (to accompany the National Children's Agenda) with a coherent, strategic framework within which programs fit in a coordinated way rather than the Early Childhood Development Initiative which contains 15 different initiatives, no coordination with what already exists and making people spend a lot of time writing proposals for projects.

Perhaps the Association of Day Care Operators of Ontario captured the overall feeling of the participants by identifying to the eight strategies for child care contained in the OECD report *Starting Strong* pointing to the provision of a high quality early childhood care and education programs which would lead to a highly educated workforce, vibrant and productive, life-long learning, healthy brains. Others provided examples from specific countries such as France, the Netherlands and the "Sure Start" program from the UK.

On the specifics about how such a system should operate, (except for one key informant who believed that management should vest totally with the provincial government) there was clear agreement on the need for the service planning and delivery to take place at the local level by a locally-elected body. Some mentioned the importance of setting up a Ministry of the Child, others talked about the McCain, Mustard recommendation for a Ministry of Human Development, others believed that the system should come entirely under the Ministry of Education, with perhaps a separate division for Early Childhood Development (like Colleges and Universities) and one key informant suggested that the particular Ministry did not matter provided there was a strong legislative and funding framework with a commitment to carry through.

Some key informants were very prescriptive. But there were divisions between those (mainly municipalities) who believed the entire system management should be vested with the municipalities; those that believed that the entire system should be placed under Education; and those that believed that we should follow Quebec's lead and initially divide the management of the system for children above and below kindergarten age. In other words, children above kindergarten age should access the whole system managed by the school boards, in the schools as part of the public education system with school boards providing topping and tailing for holidays and each end of the day. Municipalities should be responsible for early ECEC services for children below kindergarten age in a regulated, comprehensive child care system. It was suggested that the provincial framework should specify a formula for distribution of funding and provide incentives for school boards and municipalities to cooperate in transitions between the two programs, space, information about special needs children and with staffing.

There was also agreement that action to set up such a system should happen quickly, within a year, and that in the meantime, funds should immediately be distributed, based on an equitable formula, to stop the erosion of the current system and shore up current services.

**APPENDIX C
TABLES ON ECEC SERVICES AND
FUNDING ARRANGEMENTS IN OECD COUNTRIES**

(Tables 2-5 to be inserted here)



