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FAST FACTS

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East Beats West: Nonprofit Childcare Superior to Commercial Sector

The Frontier Centre has recently rhapsodized about the merits of Alberta's predominately commercial childcare system, contrasting it harshly against Manitoba's and Saskatchewan's virtually not-for-profit systems. The primary cause for Alberta's superiority, they allege, is that its large commercial sector is fully eligible for government funding. Other provinces, claim the right-wing think tank, "discriminate" by giving preferential funding treatment to not-for-profit childcare centres.

There are very good reasons why not-for-profit childcare should receive preferential treatment, and why taxpayers' dollars ought to be reserved for this more efficient sector. The Frontier Centre was highly selective in arguing otherwise. Curiously, it ignored crucial facts about parent fees, quality and compliance and the inclusion of children with special needs. On its assessment that growth in access to childcare spaces was best in free-enterprise Alberta, the report was flat-out wrong.

The Frontier Centre never addressed the high cost of parent fees. Manitoba and Saskatchewan parents pay about \$3,000/year for children between 6 – 12 years and \$6,000/year or so for infants. Childcare is much more expensive in Alberta,

where the *average* parent pays close to \$7,000 per child, and many parents pay much more.

In all three provinces, low-income parents can qualify for help paying fees. In Alberta, however, less than 20 percent of parents receive a fee subsidy, compared to Manitoba and Saskatchewan where over 40 percent of parents qualify. Parents with school-aged children are completely shut out of subsidies in Alberta. While Alberta's lower per space cost may look 'efficient,' it translates into higher costs for families and lower access for low-income households.

What about quality? A substantial body of North American research concludes that commercial status is a predictor of poorer quality. While high quality care may be found in some commercial programs and low quality care can be found in some community-operated programs, the overall pattern is conclusive. In setting aside these findings, The Frontier Centre points out that provincial regulations apply equally to all centres, regardless of their ownership status. On this basis, they conclude blithely, "we would expect the quality of for-profit and non-profit centres to be identical."

Too bad they ignored the evidence about problems with compliance in their home province. While provincial regulations set out minimum



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criteria for safety, they are only a floor - - and the best quality programs regularly exceed them. In Alberta, where over 53 percent of childcare centres are operated by private owners, the Ombudsman was so alarmed about childcare complaints that he initiated an investigation. His 1994 report found 90 percent of complaints were made against for-profit daycare centres. Moreover, he found startling examples of centres which were not held to provincial standards: “in the space of four years and ten months,” the Ombudsman wrote, “one day care centre had to be visited 87 times and accumulated 276 identified non-compliances with the legislation.”

Recent experience in Alberta confirms the problems found by the Ombudsman. In July 2005, licensing officials refused to renew the license of a for-profit centre in Red Deer, on the heels of 12 noncompliance incidents. Early in 2005, in a well-publicized incident, staff closed up an Edmonton centre for the evening and went home, having locked up an infant inside. Three weeks later, after a second child was left alone at the same centre, provincial officials revoked the private owner’s license. In February 2005, a for-profit centre in Calgary was also closed for quality and safety violations.

Provincial policy also addresses inclusion of children with disabilities and special needs. Some critics suggest inclusion of children with special needs is better in commercial programs, or in jurisdictions with higher rates of entrepreneurs. Canadian evidence shows this confidence is misplaced. Children with special needs are welcomed into Manitoba and Saskatchewan’s non-profit centres at much higher rates than in Alberta’s commercial programs. In Alberta, just 386 children with special needs are found in the 66,288 spaces. In contrast, Manitoba includes 1,392 children in its system of fewer than 26,000 spaces; and Saskatchewan’s rate is even better.

Finally, what about growth of the sector and parent access to service? In Alberta, the number of childcare centres has fluctuated wildly, actually falling from 1992 to 2001. Manitoba and Saskatchewan built proportionately more childcare spaces in the past dozen years than Alberta - - even accounting for the fact that Alberta didn’t start licensing school-age care until 2004. Claims that provincial policy supporting not-for-profit services has stifled expansion are wrong. The latest evidence is that Manitoba can serve about 14.5 of its children 0 – 12, whereas Alberta meets just 12.9 percent, a detail ignored by the Frontier Centre.

So, on the important issues of cost to parents, quality, inclusion of children with special needs and growth in access, Manitoba and Saskatchewan are ahead.

Childcare services in Manitoba and Saskatchewan have an important advantage over Alberta. But all three provinces are behind Quebec, and even further behind Western Europe UNICEF recently ranked Canada at the very bottom of industrialized countries when it comes to early childhood education and care. In a market-based environment, nonprofit childcare services are better than commercial ones. Governments seeking to strengthen their childcare systems should not be looking at Alberta. Instead, they should draw on the policy successes of Western Europe, where childcare services are publicly funded and managed. Until then, the Frontier Policy and others concerned with taxpayers should insist that public dollars be spent on the more efficient and effective nonprofit childcare sector.

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