From Patchwork Quilt to Sturdy Foundation: Build a Seamless Early Learning and Child Care System Now

CCPA-NS Submission to the Department of Education and Early Childhood Development's Regulated Child Care Review, May 14, 2015

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Current Situation in Nova Scotia

It is well past time that our government decision-makers realize that Nova Scotia's market-based, patchwork approach is not working for families. The current strategy results in high fees for parents, a scarcity of spaces, and undervalued Early Childhood Educators (ECEs). It also perpetuates gender inequities. With only piecemeal improvements over the last decade, the story of child care in this province is a story of neglect.¹ Nova Scotia received a failing grade in the most recent Early Childhood Education report (2014), getting a 6 out of 15.² The current system has resulted in:

• Lack of regulated spaces: There is a regulated child care space for 11% of children aged 0–2 years old and a regulated full or part-time centre-based space for 39% of children aged 2–4 (2013).³ If we juxtapose those numbers to the participation rate of mothers in the labour force, the need to ensure more spaces are available becomes even more urgent and dispels the myth that women are available to do unpaid child care. Most recent data (2013)



- shows that 74.1% of mothers with children O-1 are in the labour force; the number climbs to 79.7% of mothers with children aged 2 to 4.4
- **High Fees:** International research tells us that parents in Canada contribute far more than in other countries and that there is a need for more equitable sharing of the costs, where in parents fees are capped at 20% and the federal and provincial governments pay 40% each. 5 Parent fees in Canada and Nova Scotia do not even come close to meeting this target. Average daily fees for licensed child care range from a high of \$35.95 for infant care, to \$31.54 for a toddler space and \$30.94 for preschool space. On an annual basis, this represents a significant expense: between \$10,000 and \$12,000 on average per year. The provincial government currently contributes about \$3,000 per licensed space. While there are government subsidies available they are limited in number and amount. The total provincial budget allocation is equal to maximum subsidy for only 27% of available spaces. 6 Maximum subsidies are far below what is currently being charged to parents, which are leaving many child care providers struggling to cover costs. Current daily subsidy maximums are: \$22 for infants, \$20 for toddlers and \$19 for preschoolers, and they are determined on a sliding scale based on family income. These subsidies are also contingent upon the family's ability to pay the balance, which is no small feat for many families. Consider that someone working at minimum wage (\$10.40/hour) full time full year would be required to pay as much as 80% of their gross wages on child care. In addition to paying for the space, subsidies do not create spaces and securing a regulated child care space (as noted above) can be very challenging. Subsidies quarantee neither more spaces nor lower costs.
- Low Wages: Nova Scotia has some of the lowest wages in the country for child care educators and indeed some of the lowest average industrial wages (coming in as second lowest only to PEI some years). The average hourly wage for an entry level early childhood educator without formal training is \$12.47 (2013) and \$15.72 for those with early childhood certification.⁸ At that rate of pay, Early Childhood Educators would struggle to pay for child care and be left with very little take home pay. Despite the level of formal education (73% have ECE and 13% have a Bachelor of Education)⁹, the female-dominated child care workforce is one of the most under-paid sectors in the country, and Early Childhood Educators (ECEs) in Nova Scotia earn only 42% of the national average.¹⁰

Where to from Here? Follow the Evidence

The evidence is clear that a coordinated *system* of Early Learning and Child Care (ELCC) creates jobs, fosters labour market participation and a skilled workforce, increases productivity, boosts GDP and tax revenue, reduces poverty and income inequality, supports child early childhood development and social inclusion, advances women's equality, and addresses population decline.¹¹ If properly designed, an ELCC system can meet the diverse needs of children, and support parents, especially women who are in the paid labour force, studying, and/or participating in community life.

Developing an ELCC Action Plan

Recommendation 1: In close consultation with the child care community (ECES, child care advocacy organizations, feminist organizations, labour unions, human rights groups, aboriginal communities and researchers), the government must develop an ELCC Action Plan that identifies clear goals, targets, and timelines for developing a system.

Recommendation 2: In order to realize the numerous benefits, the government must lay the foundation for an ELCC system built around the evidence-based and internationally recognized principles¹² of:

- Universality: equal access for all children and parents who want it
- Publicly-funded: direct service funding from federal and provincial/territorial government is prioritized and redirected from fee subsidies and tax breaks
- Non-profit: treated as a social service, just like health care and public education
- Regulated: provincial/territorial licencing and monitoring of standards
- Quality: services provided by well-trained and compensated staff in a safe and secure environment
- Developmentally-Appropriate: play-based programs with curriculum developed based on evidence of stages of development
- Socially inclusive: affordable and accessible services that foster equality for women, children with special needs, newcomers and rural communities
- Integrated: comprehensive services with a seamless day of learning AND care, so that parents are not trying to piece together programs

- **Democratically-governed**: accountable and based on parents and broader community input into the planning, design, delivery and evaluation of services
- Self-governance and self-determination: respects the rights of Aboriginal communities

Universality Is Key

We need a legislated right to universal access for all children to ELCC with public, adequate, and stable funding. An ELCC system cannot exist without public leadership. Governments have the power and resources to initiate and sustain the ministry coordination, collaboration and participation necessary for an effective ELCC system. Financial investment cannot continue to be squandered on the current market-based system. Public funding is currently provided primarily in individualized forms like tax breaks, parent cheques or fee subsidies based on family eligibility, instead of as part of a seamless system. The current approach has not created more choices for families.

The Nova Scotia government has focused much of its additional funding for child care on the provision of subsidies, which currently amounts to 34% of the funding allocated to the Early Years. However, Nova Scotia still has a very low rate of children receiving subsidies as a percentage of regulated spaces: in 2009, 21% received a subsidy, rising to 27% in 2012 (4,427 full subsidies available, 16,377 licensed spaces). Most provinces are in the 30–40% range. There were 43,625 children 0–4 in NS and 5,630 children received some subsidy in 2011/2012. In addition, we have a very targeted system. A family may qualify for a subsidy in Nova Scotia if:

- Their family's net allowable maximum income is below \$61,668 (for two children) or \$61,080 for one child, AND,
- They do not have more than \$50,000 in liquid assets, savings or investments; AND if
- They can demonstrate social need: applicants and spouses/partners must be working, looking for work, be a student or have a special need within the family.

If all three criteria are met, the family may qualify. There is a limited pot of money for subsidies available in the province and you have to find a child care spot where you can use the subsidy. Subsidies are provided on a sliding scale based on income¹⁹, but even if a family qualified for a full subsidy, they would still have to pay up to \$14 on average per day for an infant spot, \$12 for a toddler spot; \$12 for preschooler and \$9 for school aged child during the school year (not including child care needed over the summer). In addition, even if a family qualifies, there are lots

of rules, (e.g. the child can be off sick no more than 5 days in a month, the family cannot use more than the allotted vacation days, the Centre records your exact arrival and departure time every day).²⁰ If a family is on income assistance, they can qualify for child care assistance through that program, which provides a maximum of \$400 per month for this expense (no matter how many children need child care). This is considered under the special needs program.²¹ Most importantly, a subsidy-based system is not a universal system.

While Nova Scotia's current ELCC arrangements are limited and inadequate, the more critical problem is that subsidies do not guarantee either accessibility or affordability. Subsidies guarantee neither more spaces nor lower costs. While government of Nova Scotia considers the fact that there are currently no families on the waitlist for subsidy a success,²² this may only tell us that eligibility is very restrictive, and that most parents do not qualify for subsidies. Subsidies are central to the targeted, market-based approach to ELCC (subsidies can be used at licensed for-profit centres) that is not working.

There must be a regulated child care space for all children and parents who want one. Currently, only 39% of children ages 0–2 have access to regulated child care or kindergarten in the province, compared to 74% in Quebec and 52% in PEI.²³ Nova Scotia's children are being denied equal learning opportunities while their parents struggle to balance work and family responsibilities. This is especially challenging for the 78.7% of mothers with children aged 0–5 who work outside the home,²⁴ and for rural communities where child care shortages are most severe. The high costs have an impact on women's participation rate given their lower incomes. A recent study determined that median child care fees in Halifax represent 28% of the median income of women aged 25 to 34 — that is fourteen and a half weeks' worth of gross wages.²⁵

Recommendation 3: The Nova Scotia government must move away from subsidies to a system of funding an ELCC system with capped parent fees, where in parents contribute no more than 20% of the costs, and it is free for families with net incomes below \$30,000.

Ensuring Quality

Nova Scotians need affordable, accessible, comprehensive services that integrate quality learning and care into a seamless day. The backbone of a quality ELCC system is the quality of the workforce. A quality workforce has the skills and education needed to do the job. Research tells us that workers who are well-compensated also perform better and provide better services and are more likely to stay.²⁶ With young children, it is especially critical to have low staff turnover and continuity of caregiving when possible.

Families in Nova Scotia deserve quality services provided by well-trained and compensated staff. In addition to compensation, training and retention are major issues in the child care sector. The system needs to be guided by a curriculum that is developmentally appropriate, inclusive and play-based, and taught by early child-hood educators.²⁷

Operating on a Non-Profit Basis

ELCC is a social service, just like health care and public education. It should not be a profit-making venture. With changes in the funding formula that allowed for-profit providers to access public funding, most of the new growth in child care spaces has been in the for-profit sector, which now provides more than half of Nova Scotia's spots. As of 2013, 165 licensed centres are non-profit while 222 (57%) are for profit. The industry is profitable, and growing: one of Canada's largest commercial child care chains has just opened a new location in Bedford, NS.²⁸

While for-profit care centers do provide needed spaces, they also introduce substantial risk into the child care equation, which families are too often made to bear. One parent brought her 18-month-old daughter to the daycare Monday morning to find it had closed with no warning: "No notice...a lot of us work full time and have to scramble to find more child care. They're down permanently and there's going to be a lot of us looking for childcare." Provincial regulations state that a daycare must give 120 days' notice before closing, but this rarely happens. Even when notice of closure is given in advance, families are not adequately protected. Our earliest learners should not be left to the vagaries of a market-based system.

While non-profit centres do close, it happens less often. When closures do happen, accountability structures connected to community essentially preclude the possibility of a closure without notice. Early learning should be funded like the elementary and secondary school system: for-profit schools are not directly funded by government and are offered outside of a universal system that any parent can access.

Instituting Democratic Governance

ELCC must be accountable and democratic, based on community governance practices in the planning, design, delivery and evaluation of services. We have to: *Make sure the money goes where it is needed and will be used to the best advantage. Unfortunately providing families with increased money is not always the answer.*³⁰

Participatory infrastructure must be created for parents, child care workers, and community advocates to be involved in the ongoing governance of ELCC. We have much to learn from other jurisdictions, where elected boards allow communities to be actively involved in decision-making models based on other bodies such as Community Health Centres.

When it comes to current planning in ELCC, more transparency is needed. There is too much secrecy about government policy objectives, and the recent consultation process was a missed opportunity for substantive, community-based discussion and input on the Early Years. Forums should not be "by invitation only." They should be fully open to the public. Online surveys are not a replacement for listening to the stories of families struggling to gain access.

Respecting the Rights of First Nations Communities

Any proposed system of ELCC must respect the right to self-governance and self-determination for Aboriginal communities.³¹ A collaborative approach is necessary: we must think about how the First Nations federal piece fits into the provincial system. We all have an interest in making sure children are well-served.³²

Recommendation 4: The Department of Education and Early Childhood Development must provide accountability reports on the ELCC action plan. It must produce annual reports with full data relating to benchmarks on accessibility, affordability, and quality, and institute a regular policy review.

How Do We Get There? Commitment and Investment

In the absence of a seamless system, Nova Scotia's children are still denied equal learning opportunities while parents struggle to balance work and family responsibilities.

By international standards, the minimum target for annual expenditure on ELCC should be 1% of GDP; Nova Scotia is far off the mark. If we include the amount spent on full-day primary for 5 year olds, *Nova Scotia spends about 0.24% of its GDP on the early years* (0-5) and 1% of its budget.³³

Spending on ELCC needs to be viewed as an investment. Studies demonstrate the economic benefits of public investment in ELCC: investment in child care and early learning is an excellent strategy for economic stimulus. Research overwhelmingly shows that it creates jobs, increases GDP, boosts tax revenue, and addresses population decline.³⁴

A 2011 report confirms that expansion in the early learning and care sector in Nova Scotia specifically will provide more short-term economic stimulus than other major sectors of the economy.³⁵ The GDP multiplier (the increase in GDP generated from a dollar increase in output) in the early learning and child care sector is \$2.23: that's 67% higher than construction, and 112% higher than manufacturing. Further-

more, the employment multiplier (the number of direct and indirect jobs created per million dollars of initial increase in expenditure), is 46.8 jobs.³⁶

A recent study in Manitoba found that the economic returns on investment in ELCC are even higher in rural communities, affirming the essential role that child care can play in regional development.³⁷ Research indicates that child care "may help mitigate outmigration and rural depopulation.³⁸ Public ELCC offers productive new uses for existing local infrastructure, so with "declining student enrolment, locating early childhood programs in schools helps maintain the viability of the school and, especially in small rural areas, the school can preserve the community".³⁹ Early learning and child care can create hubs for community support.

Overall, ELCC advances multiple policy priorities and goals: "preparing our future workforce, supporting parents to work or upgrade their skills and strengthening democratic communities." 40 It is well worth the investment.

It is also important to note that the provincial government should not be expected to build this system on its own. Quality, universal, integrated child care requires that provinces and the federal government work together to create a seamless system.

Long-Term Commitments

Recommendation 5: The government of Nova Scotia should advocate for a pan-Canadian ELCC strategy supported by federal funding, but we know from other jurisdictions that the province can and must take some leadership in moving forward on ELCC. The federal government's current spending on child care related expenses is enough to fund a \$7 per day pan-Canadian child care system.⁴¹

Recommendation 6: Under a planned investment approach, the government of Nova Scotia must plan to reach at least 0.5% of NS's GDP (about \$200 million) with planned targeted increases over the next five years. One estimate of the 2015 cost of \$7/day child care in Canada is \$4,692 per child aged 0–4 at current system costs including wage rates and assuming 100% coverage of the current number of children, which would mean at least an additional \$145.1 million is needed in Nova Scotia. The current per capita amount being spent on care for children aged 0–4 is \$1,353 (based on 2015/16 funding). To put that in context, the per capita for elementary and secondary schools in Nova Scotia (once kids turn age 5) is \$11,037 (2012).

The funding should be allocated to create a system that ensures:

- More regulated spaces
- Higher wages of Early Childhood Educators by developing a fair wage grid, that brings Early Childhood Educator salaries closer to entry level teacher

salaries and develops an ECE strategy for retention and recruitment (including support for increasing qualifications)

· Lower Fees so that parents pay no more than 20% of costs

Short-Term Investments (2015–16)

Recommendation 7: Eliminate Subsidies to For-profit Providers: With changes in the funding formula that allowed for-profit providers to access public funding, most of the new growth in child care spaces has been in the for-profit sector. Over half of Nova Scotia's child care spaces are now in the for-profit sector. Because ELCC is a social service, not a business, the provincial government should end existing public subsidies to for-profit operators. This will eventually phase out for-profit providers, particularly the growing commercial child care chains. A grandfathering process could be implemented modeled after the PEI experience.⁴⁵

Recommendation 8: Foster inclusion: Specific investment in staff training, physical equipment and space modifications, and additional staff, is required to ensure full inclusion of children with special needs.

Conclusion: Investing in Early Learning and Child Care Is Good for All Nova Scotians

If we build a seamless child care system that is affordable, accessible, and provides good quality care, we will improve the standard of living in our province. The existence of a reliable, publicly funded child care system will mean that families can choose to have children, more women can enter the workforce if they 'choose' (though arguably it is an economic necessity for most families), parents won't have to worry about the quality of child care available, and will not have to rely on exploiting an almost all female, low-paid, but highly-skilled/educated workforce to ensure that their children are cared for appropriately.

The research is clear: Investing in a good quality child care system has a significant impact on child development. This alone should be enough to convince all Nova Scotians that child care is an important investment that needs careful public regulation. A robust system is key to ensure our community members begin their lives as healthy as possible. At the very least, this kind of investment will help them to contribute as future workers, but also lays the foundation for all children to develop into contributing members of our society with high literacy and low crime rates. The research also conclusively shows that investing in a child care system not only sup-

ports early childhood development, it also creates jobs, fosters labour market participation and a skilled workforce, increases productivity, GDP and tax revenue, reduces poverty and income inequality, advances women's equality, and addresses population decline.

Nova Scotia has a shrinking population, and a shrinking number of families with young children. We are in need of ideas that will actually stimulate our economy. Early childhood education is economic development and so much more. This review is an opportunity to put this issue higher on the public agenda and ensure that our government is making the best evidence-based decisions for our children now and for our future.

About the Authors

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Notes

- 1 See Donovan, Moira, "Early Childhood Education in Nova Scotia a story of neglect", Halifax Media Co-Op, September, 2014. http://halifax.mediacoop.ca/story/early-childhood-education-nova-scotia-story-neglec/31711
- 2 The Atkinson Centre for Society and Child Development, Nova Scotia Chapter, *Early Childhood Education Report 2014: Time for Preschool* (Toronto: Atkinson Foundation, OISE/UT, McCain Foundation, 2014), p.16. http://timeforpreschool.ca/media/uploads/profiles-eng/ns_v2.pdf
- 3 Atkinson, 2014, ibid.
- 4 ibid.
- **5** OECD. *Early Childhood Education and Care Policy: Canada Country Note*. OECD Directorate for Education, 2004. http://www.oecd.org/canada/33850725.pdf
- **6** Department of Community Services, Annual Accountability Report, Fiscal Year 2011–12 (Government of NS, 2012).
- 7 Nova Scotia Department of Education and Early Childhood Development (NS DEECD), Early Childhood Development Services Child Care Subsidy Program, Terms and Conditions, Version 5.2 (Government of Nova Scotia, April 2014). http://www.ednet.ns.ca/earlyyears/documents/families/Subsidy_Terms_and_Conditions.pdf

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- 13 McCain et al. ibid.
- 14 This is amount is actually higher. The amount reported here is the subsidy program provided via the Department of Education and Early Childhood Development (See Atkinson, ibid, p.9). There is a special needs allowance provided to subsidize child care for families on income assistance (\$400 can be accessed per family), however the global budget amount is not available.
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- 16 NS DCS, ibid., 2012.
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- 19 This scale is not made public, but an official with the DEECD informs that families with net incomes just below the cut-off would receive just over \$1/day subsidy, and no smaller subsidy is provided.
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- **21** ibid.
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- **31** See, for instance, Coalition of Child Care Advocates of British Columbia (CCCABC) and Early Childhood Educators of BC (ECEBC). Community Plan for Public System of Integrated Care and Learning. 2nd. Ed. 2011. http://www.cccabc.bc.ca/plan/Community_Plan_ECL.pdf.
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- **33** Estimated total budget expenses forecast for 2015/16 are: \$10.024 billion and the budget forecast for the early years including primary school is approximately: \$100.870 million. NS's nominal GDP forecast for 2015/16 is \$41.646 billion. See Department of Finance, Budget 2015–16 http://www.novascotia.ca/finance/en/home/budget/budgetdocuments/2014-2016.aspx
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- 35 Fairholm, ibid.
- **36** ibid.
- 37 McCain et al. ibid.
- 38 Fairholm, ibid.
- 39 McCain et al. 2011, p. 20
- **40** ibid.
- **41** Macdonald, David, "We're paying for \$7/day child care, so why is only one province getting it?" www. behindthenumbers.ca April 15, 2015. http://behindthenumbers.ca/2015/04/15/were-paying-for-7day-child-care-so-why-is-only-one-province-getting-it/
- **42** ibid.
- **43** Based on estimated spending for the early years in the NS Department of Finance Budget 2015–16 and based on Statistics Canada number of children aged 0–4.
- 44 Atkinson, Ibid.
- **45** Andersen, Erin. "What PEI and Quebec can teach the rest of Canada about improving child care" *The Globe and Mail*. Thursday, October 24, 2013. http://www.theglobeandmail.com/life/parenting/pei-and-quebec-offer-lessons-on-improving-child-care-across-canada/article15071996/?page=all



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