

## FACT SHEET



## IT MAKES GOOD DOLLARS & SENSE

### Economic Rationale For Public Investment

In 2011, the Coalition of Child Care Advocates and the Early Childhood Educators of BC released a **Community Plan for a Public System of Integrated Early Care and Learning**. The Plan offers a concrete, innovative 'made in BC' solution to the child care crisis facing families with young children.

If and when government puts the Plan in place, child care will cost families \$10 a day for a full-time program, \$7 a day for part-time, and will be free for families with annual incomes under \$40,000. Every young child will have the right to participate in quality early care and learning programs that meet their needs. It will be up to families to choose what services work for them.

With new investments from the province, locally elected school boards will provide early care and learning programs in their communities with the operating funds they need to deliver quality programs. Early childhood educators will receive the respect and remuneration they deserve. Learn more about the Plan at [www.ecebc.ca/news/integrated\\_project.html](http://www.ecebc.ca/news/integrated_project.html)

*It Makes Good Dollars & Sense*, the second fact sheet in a series that provides contextual information for the Plan, highlights the economic rationale for public investment.

### UP FRONT INVESTMENT

The UBC Human Early Learning Partnership (HELP) projects that the fully implemented operating cost of the early care and learning system for children under age 6 requires an additional gross public investment of \$1.5 billion annually.<sup>1</sup>

HELP's costing model is consistent with the system proposed in the Plan and includes:

- Access to a full or part-time program for approximately:
  - » 89 per cent of children age 3 to 5; and
  - » 73 per cent of children under 3 (after a significantly expanded parental leave program).<sup>2</sup>
- Parent fees capped at:
  - » \$10 per day for full-time care;
  - » \$7 per day for part-time care; and
  - » No fee for families with annual household incomes under \$40,000.<sup>3</sup>

As a result, BC parents could save up to \$10,000 per year.

- ECE wages at:
  - » An average of \$25/hour plus benefits; and
  - » An annual professional development allowance of \$1,250 per staff member.<sup>4</sup>
- Inclusion of children with extra support needs and children from low income or immigrant families, or families facing social or cultural barriers.
- Funding for initial capital expansion, infrastructure and evaluation.
- Additional funding will be required to cover the costs of services for children age 6 to 12, and for possible expanded access to post-secondary education and future capital growth.



**Quebec's child care program, implemented 12 years ago, serves about half of Quebec children under the age of 5. It already pays for itself.**



## SHORT AND LONG TERM RETURNS

### In BC...

While most BC mothers with young children are in the paid labour force, their participation rates are lower than the Canadian average.

- BC mothers whose youngest child is age 3 to 15 have the lowest labour force participation in Canada.
- BC mothers whose youngest child is 2 and under have the second lowest participation rate.<sup>5</sup>

The evidence suggests that with access to affordable, quality child care, more BC mothers will enter the paid labour force.

- As part of a comprehensive family policy that includes more family time and resources, HELP projects that child care costs would be offset by an estimated:
  - » \$500 million in additional taxes paid by early childhood educators and from an estimated 17,000 more working mothers; and
  - » \$300 million in business savings from, for example, a reduced need to train and recruit workers to replace parents who currently find it hard to return to work after they have children.<sup>6</sup>

### Meanwhile, in Quebec...

- The province's child care program, implemented 12 years ago, serves about half of Quebec children under the age of 5. It already pays for itself.
- Quebec's program helped 70,000 women with young children—who, without access to child care, would not to be working—to enter the labour force, a 3.8 per cent increase in women's employment overall.
- The ripple effect of working mothers' employment contributed an additional \$5.2 billion to the provincial economy and increased Quebec's GDP by 1.7 per cent.
- The impact of working mothers' increased purchasing power and taxes paid, along with reduced social transfers, means that for every dollar Quebec invests in its child care system:
  - » Quebec recovers \$1.05—which more than pays for its \$1.6 billion annual investment; and
  - » Ottawa recovers 44 cents—for an additional \$700 million in revenue.<sup>7</sup>

### Across Canada...

Recent studies document<sup>8</sup>:

- A return of \$2.54 for every dollar invested in the type of system proposed in the Plan;
- Investing in child care has a bigger job multiplier effect than any other sector, with more employment per dollar of activity; and
- Public investments in early care and learning systems pay for themselves.



The OECD ranks Canada last for investing in child care services for children under 6.

## WE CAN AFFORD IT

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Governments find money for the things they view as priorities. For example:

- Between 2002 and 2009, Canadians increased public spending on health care by more than \$22 billion annually, after adjusting for inflation.<sup>9</sup>
- In 2006, the federal government began to phase in a 2 per cent reduction to the GST.<sup>10</sup> This decision cost the federal government over \$6 billion annually—or 60 per cent of the cost to make quality, affordable child care broadly accessible across Canada.<sup>11</sup>

## WHAT DO WE SPEND NOW?

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- The Organisation for Economic Co-operation and Development (OECD) ranks Canada last for investing in child care services for children under 6.<sup>12</sup>
- UNICEF ranks Canada last among OECD countries for investing in families with children under 6.<sup>13</sup>
- The BC government currently budgets about \$300 million for child care from birth to age 12.<sup>14</sup> This includes federal transfers for child care of around \$80 million a year.<sup>15</sup>
- Federal and provincial spending on child care for children under 6—including full school-day Kindergarten and the child care tax deduction—accounts for only 0.28 per cent of provincial GDP.<sup>16</sup> This is less than half of the average of 0.7 per cent spent by developed (OECD) countries around the world, and well below the 1 per cent of GDP recommended by experts.<sup>17</sup>
- By comparison, BC spends \$8,357 annually per child in the K–12 public school system.<sup>18</sup> Spending on regulated child care in BC amounts to about \$382 per child from birth to age 12.<sup>19</sup> Parents pay the rest.
- Canada has the second highest child care fees for lone parent mothers amongst OECD countries.<sup>20</sup>
- Child care fees represent the second-largest expense for young families (after housing).<sup>21</sup>
- The cost of regulated child care services reduces the take home pay of employed parents more than taxes.<sup>22</sup>

## THE COST OF NOT INVESTING

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- Since 2001, the lack of ECEC workers has caused an estimated loss of 34,686 person-years of employment in other sectors.<sup>23</sup>
- Failure to invest in comprehensive family policies grounded in the kind of early care and learning system outlined in the Plan costs BC about \$400 billion annually.<sup>24</sup>
- The stress from work–life conflict among adults with young children costs the Canadian health care system \$2.5 billion annually and the child welfare system another \$1.2 billion per year.<sup>25</sup>

## Notes

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- 2 Lynell Anderson, "Who Cares?," Human Early Learning Partnership (July 2011), slide 10, [http://earlylearning.ubc.ca/media/uploads/documents/who\\_cares\\_landerson\\_ppt\\_presentation\\_july\\_2011.pdf](http://earlylearning.ubc.ca/media/uploads/documents/who_cares_landerson_ppt_presentation_july_2011.pdf)
- 3 Ibid, slide 12.
- 4 Ibid, slide 13.
- 5 Jane Beach, Martha Friendly, Carolyn Ferns, Nina Prabhu and Barry Forer, "Early childhood education and care in Canada 2008," Childcare Resource and Research Unit, (June, 2009), p. 179, Table 6 in "The Big Picture," <http://childcarecanada.org/publications/ecec-canada/09/11/early-childhood-education-and-care-canada-2008>
- 6 Dr. Paul Kershaw in Katherine Dedyne, "Looking to the future: A coalition says cheaper daycare is in the best interests of both government and citizens," *Times Colonist*, July 9, 2011, [www.timescolonist.com/life/Looking+future/5077604/story.html](http://www.timescolonist.com/life/Looking+future/5077604/story.html)
- 7 Pierre Fortin, Luc Godbout and Suzie St-Cerny, "Economic Consequences of Quebec's Educational Childcare Policy" (Powerpoint presentation from Early Years Economics Forum, Toronto, June 22, 2011), [www.mwmcain.ca/media/uploads/does-preschool-education-pay/EarlyLearningEconomicForum\\_Fortin.pdf](http://www.mwmcain.ca/media/uploads/does-preschool-education-pay/EarlyLearningEconomicForum_Fortin.pdf)
- 8 Centre for Spatial Economics, "Literature Review of Socioeconomic Effects and Net Benefits: Understanding and Addressing Workforce Shortages in Early Childhood Education and Care (ECEC) Project" (Prepared for the Child Care Human Resources Sector Council, 2009), pp. 28-29, [www.cpsc-cssge.ca/uploads/WFS%20LitReview%20-%20Socio%20-%20FINAL.pdf](http://www.cpsc-cssge.ca/uploads/WFS%20LitReview%20-%20Socio%20-%20FINAL.pdf)
- 9 Paul Kershaw, "Fast Facts for a New Deal," p. 2, <http://blogs.ubc.ca/newdealforfamilies/files/2011/06/New-Deal-Fast-Facts.pdf>
- 10 Elena Simonova and Rock Lefebvre, "Is Cutting the GST the Best Approach?," (Certified General Accountants Association of Canada, 2008), p. 8, [www.cga-canada.org/en-ca/ResearchReports/ca\\_rep\\_2008-03\\_gst.pdf](http://www.cga-canada.org/en-ca/ResearchReports/ca_rep_2008-03_gst.pdf)
- 11 Paul Kershaw and Lynell Anderson, "Smart Family Policy for Strong Economies: A Comprehensive Policy Framework for Early Human Capital Investment" Human Early Learning Partnership (April 7, 2010), slide 35, [www.councilcd.ca/files/CECD\\_Webcast15by15\\_KershawAnderson\\_2010-04-07.pdf](http://www.councilcd.ca/files/CECD_Webcast15by15_KershawAnderson_2010-04-07.pdf)
- 12 "Early learning and child care: How does Canada Measure up?," (OECD, 2006), pp. 9-10, [http://childcarecanada.org/sites/childcarecanada.org/files/BN\\_EarlyLearning06.pdf](http://childcarecanada.org/sites/childcarecanada.org/files/BN_EarlyLearning06.pdf)
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- 17 Kershaw et al., supra note 1, p. 26.
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- 24 Kershaw et al., supra note 1, p. 1.
- 25 Kershaw, supra note 9, p. 2.