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IN BRIEF

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Child Care in Canada: Regulated, Unregulated, Private or Public

The rising participation of women in paid work has heightened demands for affordable, quality child care programs. At the same time, developments in neurobiology and social sciences have highlighted the importance of the early childhood period in setting the stage for long-term emotional, behavioural, and intellectual well-being.⁽¹⁾

While there is broad public support for programs that help parents provide care to their young children, the appropriate role of government funding for child care has been debated for many years. This document reviews the federal government role in child care and provides an overview of the types of child care Canadian families are using. It then explores the key features that characterize the different types of non-parental care, and briefly discusses the debates about which types of child care provide optimal outcomes.

THE CURRENT ROLE OF THE FEDERAL GOVERNMENT

Since 2001, the federal government has transferred funding to the provinces and territories to allow them to support early childhood programs and services, first through the Early Childhood Development initiative and more recently through a 2003 federal/provincial/territorial funding arrangement known as the Multilateral Framework on Early Learning and Child Care.⁽²⁾

The terms of this Multilateral Framework agreement specify that the funding must be invested in provincially and territorially regulated early learning and child care programs for children under six. While the majority of child care advocates emphasize the importance of increasing the availability, quality and affordability of regulated child care, some critics would prefer to see funding flow directly to parents to allow them greater choice in child care options.

CURRENT CHILD CARE ARRANGEMENTS FOR PRE-SCHOOL CHILDREN

Based on data from a nation-wide longitudinal survey of children in Canada, the breakdown of care arrangements for pre-school children in Canada is as follows:⁽³⁾

Parental care	60%
Regulated child care	12%
Unregulated child care, in the family home	6%
Unregulated child care, outside the home	15%
In the care of a relative	7%

The table above shows that, while the majority of children in Canada are being looked after by their parents and are not in another form of child care, a significant minority are in some type of non-parental child care.

REGULATED VS. UNREGULATED CHILD CARE

Regulated child care refers to child care services that are regulated by provincial and territorial licensing or monitoring standards. These standards vary among jurisdictions, but generally include maximum child-to-adult ratios, minimum training and educational requirements for staff, and minimum standards for facilities and equipment. Each jurisdiction provides a mechanism to ensure compliance with standards (for example, through the use of inspections). Regulated child care is provided in licensed family child care settings as well as in child care centres. There is wide variation among provinces in the availability of regulated child care spaces.

Not all child care providers are monitored for their adherence to minimum standards. Each province and territory allows child care providers to care for a small

number of children (maximum numbers across the country range from 2 to 8 children)⁽⁴⁾ in *unregulated child care*. The overwhelming majority of child care in Canada currently takes place in unregulated settings that include informal parental care, care by relatives, and care within or outside the family home by caregivers such as babysitters and nannies. Given the diversity of unregulated child care options, the quality of care in unregulated settings is likely to vary widely and is difficult to assess.

Although some families have access to subsidized spaces in regulated child care settings, the high cost of regulated child care in Canada today is a barrier for many low- and middle-income families. Some families choose to place their children in unregulated child care. Many more are forced to turn to whatever child care arrangements they can find and afford.

Most child care advocates now recognize the need for services that provide learning environments for young children, in addition to child care for those whose parents are in the paid work force. They argue that, in order to provide optimal learning environments, child care services need to be provided by people with the necessary training and that child care providers in unregulated settings do not necessarily have the education, training, and support required to provide an enriching early childhood experience. This is why most child care advocates emphasize the importance of regulated child care.

On the other hand, it has been argued that parents are best situated to choose the type of child care that best meets the needs of their children, and that these choices might include unregulated care. Those who argue this point of view emphasize the importance of providing funding for child care directly to parents.

PUBLIC VS. PRIVATE CHILD CARE

There is a common misconception that those who advocate public funding for child care want government-run child care institutions. In fact, while some organizations call for more public funding for regulated child care, they do not necessarily advocate public management of child care facilities. The following section clarifies the distinctions between public child care, public funding of child care, and private child care.

Public child care refers to state-run child care facilities. These account for a very small proportion of child care services in Canada, almost exclusively limited to after-school daycare programs that are managed by educational authorities in some provinces, and to a small number of programs operated by municipal and regional governments in Ontario.

Public child care is not to be confused with *public funding for child care*, which refers to the government funding of child care, either in the form of fee subsidies for low-income families, or capital and operating funding. Many child care services are paid for through a combination of public funding and fees paid by parents. The level of public funding for child care varies widely among provinces. While Quebec covers 80% of regulated child care costs in that province, the average Canadian province covers only 38% of costs.

Private or independent child care arrangements account for almost all child care services in Canada. Whether or not they receive public funding, independent child care facilities are not run by the state but are independently managed, either by a volunteer board of directors or by the owner/operator of the service. Independent child care providers have the flexibility to develop their own programs and to adapt to the specific needs of parents and their children.

Within this category of independent child care providers are both *commercial (for-profit)* child care services and *non-profit* child care services.

- *Commercial (for-profit) child care services* are private businesses. They may include small businesses, such as people who provide child care services in their homes, or they may be operated by a partnership or corporation. In this form of service, the owner/operator makes key decisions and can keep excess revenue as profits.
- *Non-profit child care services* are accountable to the communities they serve through a board of directors, and excess revenues are reinvested in the service. Parents are represented in the management structure and thus have direct input into key decisions about programming and staffing. In some jurisdictions, non-profit child care services coordinate both centre-based and home-based child care.

THE ROLE OF THE PRIVATE SECTOR IN EARLY LEARNING AND CHILD CARE

While both commercial and non-profit child care services can be regulated, the role of the private sector in child care varies widely across the country and has been the source of ongoing debate. The proportion of regulated, centre-based child care services that are non-profit varies widely among provinces and territories, accounting for only 36% of regulated spaces in Newfoundland and Labrador and 100% in Nunavut and the Northwest Territories.

Studies in early childhood education and care have consistently demonstrated that quality programming is strongly correlated to the wages, education, and retention of staff. A large-scale Canadian study suggests that better outcomes may arise in non-profit child care services because parent decision-makers are more likely to choose to pay higher wages in order to retain the most highly qualified staff. The study concluded that non-profit child care services generally produce better outcomes than commercial child care services.⁽⁵⁾ On the other hand, some commentators maintain that the private sector is more efficient in opening up more child care spaces with limited public funds,⁽⁶⁾ and therefore better positioned to solve the shortage of child care spaces in Canada.

The fact that the federal, territorial and provincial governments that negotiated the Multilateral Framework on Early Learning and Child Care in 2003 agreed to invest in *regulated* early learning and child care programs may indicate that governments believe that licensing standards can help play a role in ensuring that early learning and child care options provide young children with intellectual and social stimulation in addition to non-parental care. The Framework, however, does not specify a preference for either private or non-profit child care, excluding only those services that are part of the formal school system.

and the Government of Quebec is making major investments in programs and services for families and children. All references in this document to viewpoints shared by the federal, provincial and territorial governments do not include the viewpoints of the Government of Quebec.

- (3) J. D. Willms, ed., *Vulnerable Children: Findings from Canada's Longitudinal Study of Children and Youth*, University of Alberta Press, Edmonton, 2002, p. 267.
- (4) Information from Table 26 of *Early Childhood Education and Care in Canada 2001*, available on-line at: <http://www.childcarecanada.org/ecec2001>, accessed on 13 April 2004.
- (5) G. Doherty et al., *You Bet I Care! A Canada-Wide Study on: Wages, Working Conditions, and Practices in Childcare Centres*, Centre for Families, Work and Well-Being, University of Guelph, 2000; available on-line at: http://action.web.ca/home/cfwwb/attach/ybic_report_1.pdf.
- (6) Peter Shawn Taylor, "Private Sector Can Meet Child Care Demands," *Fraser Forum*, March 2004, pp. 4-6, available on-line at: <http://www.fraserinstitute.ca/admin/books/chapterfiles/Private%20Sector%20Can%20Meet%20Child%20Care%20Demands-Mar04fftaylor.pdf>.

(1) Dr. Fraser Mustard and the Hon. Margaret Norrie McCain, *The Early Years Study: Reversing the Real Brain Drain*, Publications Ontario, Toronto, 1999.

(2) While the Government of Quebec supports the general principles of the Early Childhood Development Initiative and the Multilateral Framework on Early Learning and Child Care, it did not participate in developing these initiatives because it intends to preserve its sole responsibility on social matters. However, Quebec receives its share of federal funding