



Early Learning and Childcare as Key Economic Infrastructure

March 2021



Early Learning and Childcare as Key Economic Infrastructure: Table of Contents

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Introduction

Investments in early childhood education and childcare (“ELCC”) can help put Canada on a higher trend economic growth path. A high-quality ELCC program that young children can attend for several years, where education is provided using a curriculum-based program delivered by trained educators can provide several benefits, including:



Benefits to Children: Investments can have positive impacts on the outcomes for children, including better behavioural/social skills, better mental and physical health, and better long-term labour market outcomes.



Increase in the Labourforce Participation of Women: Expanding early childhood education can have a positive economic impact through a resulting boost in the labour participation of women.



Benefits to Parents: Beyond increasing workforce participation for women, ELCC can help reduce parental stress, which benefits their mental health and in turn benefits their children, work performance, and standard of living.



Promotion of Equality: There is also evidence that investments in ELCC disproportionately benefit lower income Canadians and this can help address socioeconomic challenges, such as income inequality.



Decreased Reliance on Special Needs Education: There is evidence of the sustained impact of ELCC on reducing the need for special education in the US, the UK, Canada, and other advanced economies.

These gains create additional income that provide tax revenues to governments and reduce the demand for government transfers and other support programs. The purpose of this report is to highlight the literature on early childhood education (“ECE”) to demonstrate why further investments are necessary and how we can achieve a preferably universal system of early learning and childcare that will benefit our economy and society.





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The Economic Imperative: Why Now is the Time for Canada to Invest in ECE (1/2)

- The COVID-19 pandemic caused the deepest recession since the end of the Second World War, while also revealing significant problems in our social infrastructure.
- Over the past year, the closure of schools and early learning centres across the country pushed many women out of the labour force.
- Even as Canada's economy recovers, slow labour force growth and weak productivity will limit Canada's economic growth.
 - Slow economic growth is a problem as it results in stagnant gains in living standards due to weak income growth.
- As presented in Deloitte's Catalyst¹ report released last September, the reality is that pre-pandemic, Canada was facing a subdued economic outlook with growth set to slow due to our aging population and poor labour productivity growth. The productivity challenge reflects many factors, but from a labour angle, it was driven by shortages of high-skilled workers, declining demand for middle-skill jobs, and barriers to success for low-income families and disadvantaged segments of our population, including women.
- Faced with these challenges, Canada needs the most robust recovery possible and one that is inclusive in nature. The nation needs a path of higher trend economic growth and one that lifts living standards and lowers inequality.
- By investing in early learning and childcare, we can offset some of these structural trends by boosting the current and future labour force, as well as the productivity of that future workforce, resulting in stronger economic growth.
 - Giving children a better start in life helps to build a more resilient future workforce.



1. Deloitte (2020).

The Economic Imperative: Why Now is the Time for Canada to Invest in ECE (2/2)

- Moreover, there was growing awareness pre-pandemic of the issue of rising inequality, and the fallout of COVID-19 has aggravated this societal and economic challenge. The industries that have been hardest hit by the downturn tend to employ an above average number of low paid workers, and Canada's most vulnerable populations make up the bulk of such employees—including women, visible minorities, immigrants, Indigenous Canadians, and youth.
- ELCC would help to ensure that children from all socioeconomic backgrounds have a more equal starting point in life.
 - Since high income families can already afford high quality early learning and childcare, greater investment in this area will benefit lower income and low-middle income families, contributing to lower inequality.
- The return to government from investing in ELCC is greater than the cost of investment, meaning that funding of early learning makes sense even when governments are running large deficits in the wake of the pandemic.
- As we think about how to stimulate the economy, it is important to remind ourselves that investments in ELCC can have an immediate, direct impact on the economy by creating jobs for early childhood educators, and at the companies that supply ELCC establishments in communities across Canada.
 - In this report, we make the case of increasing funding by \$7-8 billion, materially adding jobs and raising output by the education sector – contributing to economic recovery.





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Overview: The State of Early Learning in Canada

- Many parts of Canada have little access to ELCC, creating challenges for parents.
- From an enrollment perspective, Canada is significantly below the OECD average for children under the age of 5.
- Students in Canada are significantly less likely than students in peer countries to spend three or more years in an ECE program. Lower duration leads to less skill development.
- The portion of students in Canada who have no, or very little, early learning is significantly higher compared to peer countries, and students in low socioeconomic schools in Canada are more likely to have never attended ECE.
- The OECD measures ECE program quality by looking at several metrics: duration of ECE (i.e., more than two years), child-to-teacher ratio, public expenditure per child, and staff training and job satisfaction.¹
 - Canada performs worse than the OECD average on several metrics of early learning quality, including duration of early learning and staff training.

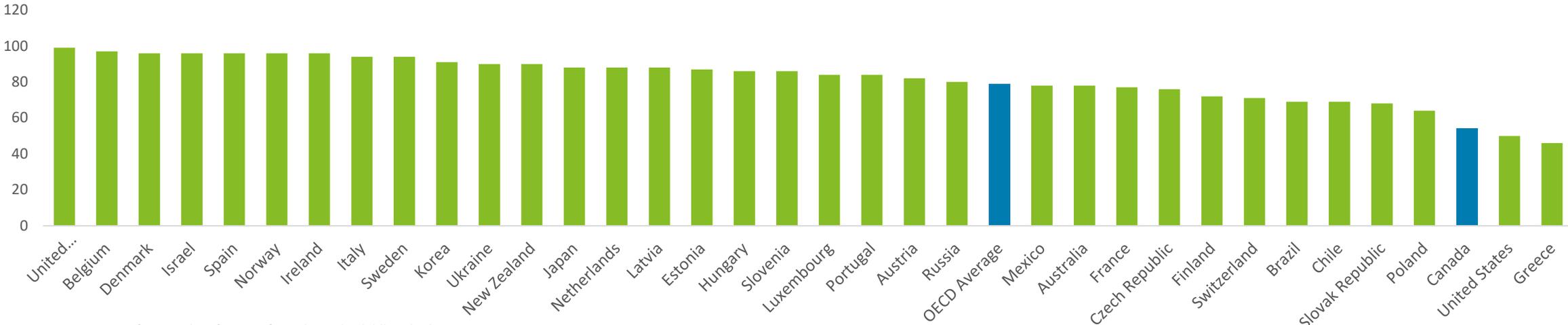


1. OECD (2017).

Early Childhood Education Enrollments in Canada

- At an aggregate level, Canada does a good job of educating its 5-year-olds, with roughly 96 percent of 5-year-olds enrolled in part-time or full-time school.¹ However, Canada performs poorly in educating children younger than 5-years-old.
- In 2019, only 41 percent of 4-year-olds in Canada attended full- or part-time programs offered in public schools.² Ontario, Quebec, the Northwest Territories, and Nova Scotia provide full-day programs to 4-year-olds, the Prairie provinces provide part-day school to some children, while BC and most Atlantic provinces do not provide ECE in schools.
- Internationally, Canada ranks near the bottom of advanced economies in ELCC (including in schools) for 2-4-year-olds (Figure 1). Of the reporting countries, Canada falls behind all countries except the United States and Greece. Together, over 290,000 more children in Canada would need to enroll in ECE to reach the OECD average of roughly 79 percent of 2-4-year-olds enrolled.³
- Many OECD countries, including France, the UK, and Denmark have 100 percent of 4-5-year-olds enrolled in school. Some countries even have 100 percent participation for 2-3-year-olds, suggesting there is plenty of room for Canada to improve its enrollment in ECE.

Figure 1: Share of 2-4-Year-Olds Enrolled in Early Childhood Education



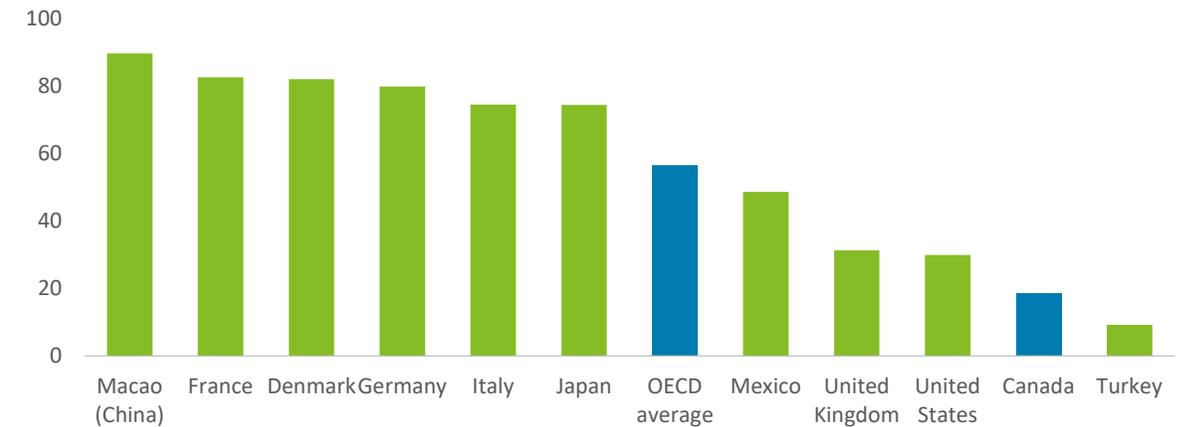
Source: OECD. 2017. Data for Canada is for 2017 from the Early Childhood Education Report 2017

1. McCain, 2020 (McCain, M., 2020, Early Years Study 4, Toronto, ON: Margaret and Wallace McCain Family Foundation Inc.
2. Ibid.
3. Using 2017 population estimates for children in Canada aged 2-4, Statistics Canada Table 17-10-0005-01.

The Duration of Early Childhood Education in Canada

- The number of children in Canada who have attended three or more years of Early Childhood Education (ECE) is significantly lower than the OECD average and lower than all G7 countries (Figure 2).
 - Just 18 percent of 15-year-olds in Canada reported that they attended three or more years of early learning, compared to an average of 56 percent of students in OECD countries.¹ Meanwhile, countries like Germany and France have 80 percent or more of students attending ECE for three or more years.
- Another way to look at the data on enrollments and duration of early learning is to show the number of students who did not attend ECE at all, or for less than a year.
 - Roughly 15 percent of students in Canada report having never attended ECE, which is more than double the average of the 77 countries reported by the OECD.²
- Moreover, students who have never attended early learning are more likely to be those in low socioeconomic schools. Roughly 18 percent of Canadian students in low socioeconomic schools had never attended ECE, compared to 9 percent of students attending schools with high socioeconomic status.³

Figure 2: Percentage of 15-year-olds Who had Attended 3 or More Years of ECE (2018)



Source: OECD (2020a).

1. OECD (2020a).

2. Ibid.

3. OECD (2020a). The socio-economic profile is measured by the PISA index of economic, social and cultural status (ESCS). A socio-economically disadvantaged (advantaged) school is a school in the bottom (top) quarter of the index of ESCS in the relevant country/economy.

The Quality of Early Childhood Education in Canada

- The pandemic has raised awareness of the importance of childcare. However, if Canada is going to invest in expanding childcare, it has the opportunity to use the time that children are in care to deliver early learning programs. The early learning component has the capacity to increase the skills of children, which can have long-run benefits.
- In order to maximize benefits, programs should offer high-quality early learning, which includes early learning opportunities for several years, provided by trained educators, with a high educator-to-child ratios, and a play/curriculum-based program.
- Quality, however, can be challenging to define. The OECD measures ECE program quality by looking at several metrics: duration of ECE (i.e., more than two years), child-to-teacher ratio, public expenditure per child, and staff training and job satisfaction.¹
- In *Ready for Life*, the Conference Board of Canada evaluates Canada's performance across these identified measures of quality finding that Canada lags behind in terms of enrollment and duration of ECE, and staff training.² Limited data on child-to-teacher ratios in Canada and abroad suggest Canada performs on average compared to the OECD.³
- When it comes to spending, Canada's history of investing in early learning is disappointing. For example, in 2006 Canada spent roughly 0.25 percent of GDP on early learning, significantly below the OECD average of 1 percent.⁴ Canadian spending climbed to 0.6 percent of GDP in 2014 and has moved in the direction of the OECD average in recent years. This is positive, but the additional funding has not translated into the enrollment and duration of ECE experienced in OECD – and what matters is the impact of funding on children.

1. OECD (2017).

2. Alexander et al. (2017).

3. Ibid.

4. Early Childhood Education Report 2014.

5. Kottelenberg and Lehrer (2013).

6. Haeck et al. (2015b).

QUEBEC CASE STUDY

- Quebec has subsidized ELCC since 1997, and its experience on quality is insightful.
- Several academics in Canada and the US have studied the impact of the Quebec childcare system on child health, vocabulary, motor and social development, behaviour, and parental wellbeing.
- Studies have found mixed results, however, looking at the average impact of the Quebec program conceals the significant heterogeneity in the quality of care received and other characteristics, leading to potentially misleading conclusions about the overall impact.⁵
- In fact, when focusing on higher-quality early childcare centres (“CPEs”) in Quebec, the medical and psychological research literature has found positive cognitive, health, and behavioural impacts on children.⁶



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Overview: The Benefits to Early Childhood Education



Benefits to Children

Scientific evidence shows that brain development is well advanced before most Canadian children go to school.



Work Force Participation of Women

Investment in universal ECE could add between 89,000 to 300,000 women to the labour force, thereby increasing access to talent/skills within the workforce.



Support for Children with Special Educational Needs

There is evidence of the sustained impact of ECE on reducing the need for, and therefore the cost of, special education.



Benefits to Parents

First and foremost, ECE allows parents with very young children to be engaged in the labour market. ECE can also reduce parental stress.



ECE as an Enabler to Equality

Evidence from the literature suggests that access to affordable, high-quality childcare can also contribute to reducing income inequality.

Benefits to Children

- ECE puts children into a structured learning environment earlier, aligning with when children start learning.
 - There is extensive medical evidence that brain development starts in the womb and that the building blocks of future skills occur before age six—a time period that can be captured during ECE.
 - For example, basic essential skill development—such as reading, writing and numeracy—can be developed through play and interactions.
- Beyond cognitive skills, children develop critical social skills through their interaction with others. ECE presents the opportunity for greater interaction with other children and caregivers outside of the family. These interactions build the foundations for the skills and capabilities Canada’s economy needs, and employers increasingly prioritize.
- A review of early development indicators suggest that roughly 25 percent of children are developmentally vulnerable in at least one core element of development and many of them would benefit from stronger literacy and behavioural/emotional skills.¹
- Research on the Quebec experience of ELCC has found that, among children of mothers with low education, those who attended ELCC had better cognitive outcomes (i.e., school readiness, vocabulary, reading and math scores) compared to children who did not attend ELCC.²



1. Data from the Early Development Instrument, as reported by the Canadian Institute for Health Information.

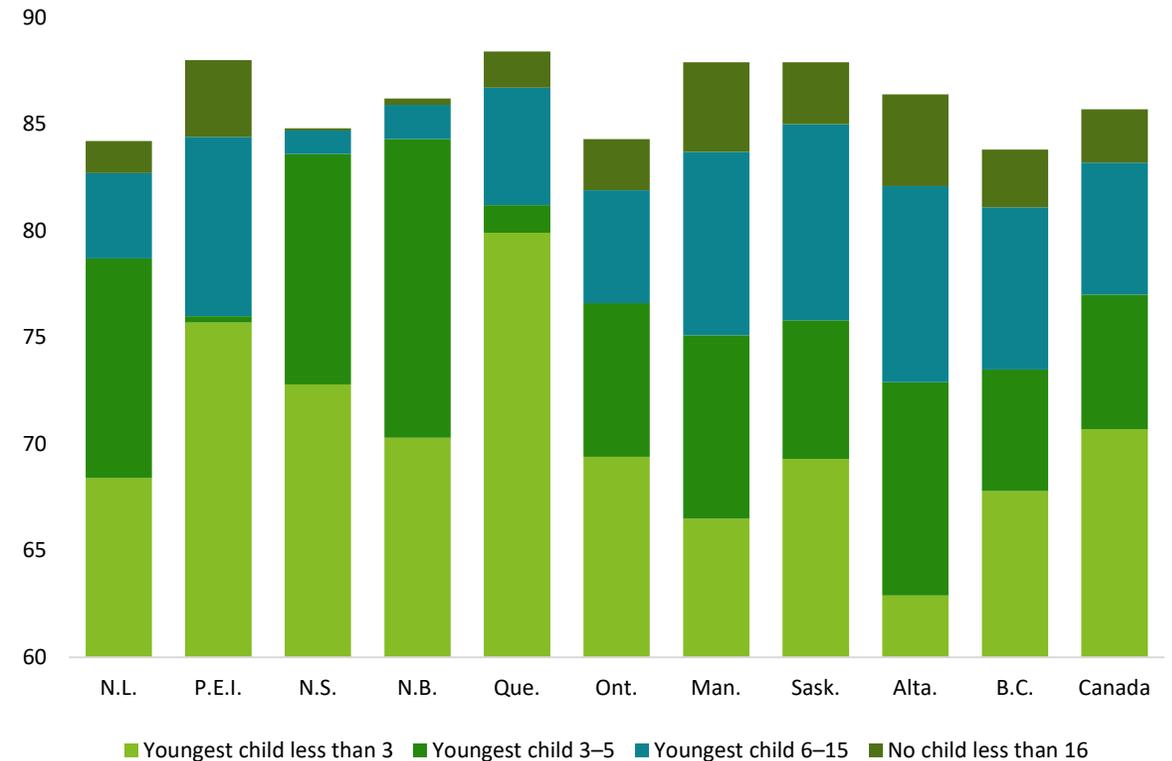
2. Geoffroy et al. (2010).

Benefits to Parents (1/2)

Improving the labour force participation of women:

- In the past 40 years we have seen a significant improvement in the labour force participation of core working age women, which increased from roughly 60 percent in 1980 to roughly 84 percent in January 2020.¹
- However, the global pandemic has exacerbated the challenges women face when trying to have both a career and a family—their labour force participation dropped to 78.1 percent in April 2020, representing a 20-year low.²
- In January 2021, 246,000 people were employed part time due to childcare issues. Of this total, 235,000 or 96 percent were women.³
- The adoption of universal ELCC can reverse a significant portion of this disparity.
- If we bring the participation rate of women with children aged 2 to 4 to the average participation rate of women with kids aged 5, who have access to primary school, we could see as many as 89,000 women could be added to the Canadian workforce.⁴
- Analysis from Dr. Pierre Fortin and colleagues suggests there could be an even greater benefit to the labour force participation of women, where an additional 281,000 women could have been added to the Canadian labour force in 2019.⁵

Figure 3: Labour Force Participation of Women with Young Children is Below Average



Source: Deloitte analysis. Statistics Canada data, 2019.

1. Statistics Canada Table: 14-10-0287-03.

2. Ibid.

3. Statistics Canada table: 282-0013

4. Calculated by increasing the participation rate of mothers with children between 2 and 4 years old in Canada to the same participation rate as mothers of school-aged children.

5. This assumes the same percent-increase in maternal employment experienced in Quebec between 1997 and 2008 (i.e., 14 percent) was applied to maternal employment in the rest of Canada. Dr. Fortin and colleagues estimate that an additional 70,000 mothers with children 0-15-years-old were employed in Quebec in 2008, compared to 1997. This represents an increase of roughly 14% in employment of mothers in Quebec during that period. If the same 14% increase in employment were experienced by the rest of Canada in 2019, an additional 281,000 mothers would be employed (i.e., 2,008,100 x 14%). See full report for further details.

Benefits to Parents (2/2)

Stress reduction:

- Without reliable, safe and enriching environments for their children, some parents opt to leave the workforce to care for children before they reach school age.
- This can in turn, reduce household income and place pressure on a single earner. In a period of economic decline, this can create tremendous financial stress.
 - Indeed, a study by the Conference Board of Canada in 2017 noted that 43 percent of families with mothers outside of the labour market had an income below \$36,000.¹
- For parents with children with learning vulnerabilities, this stress can be more acute.
- Beyond the labour and income effect, childcare can reduce the stress experienced by parents. This improvement to their mental health in turn benefits their children, their work performance, and their standard of living.

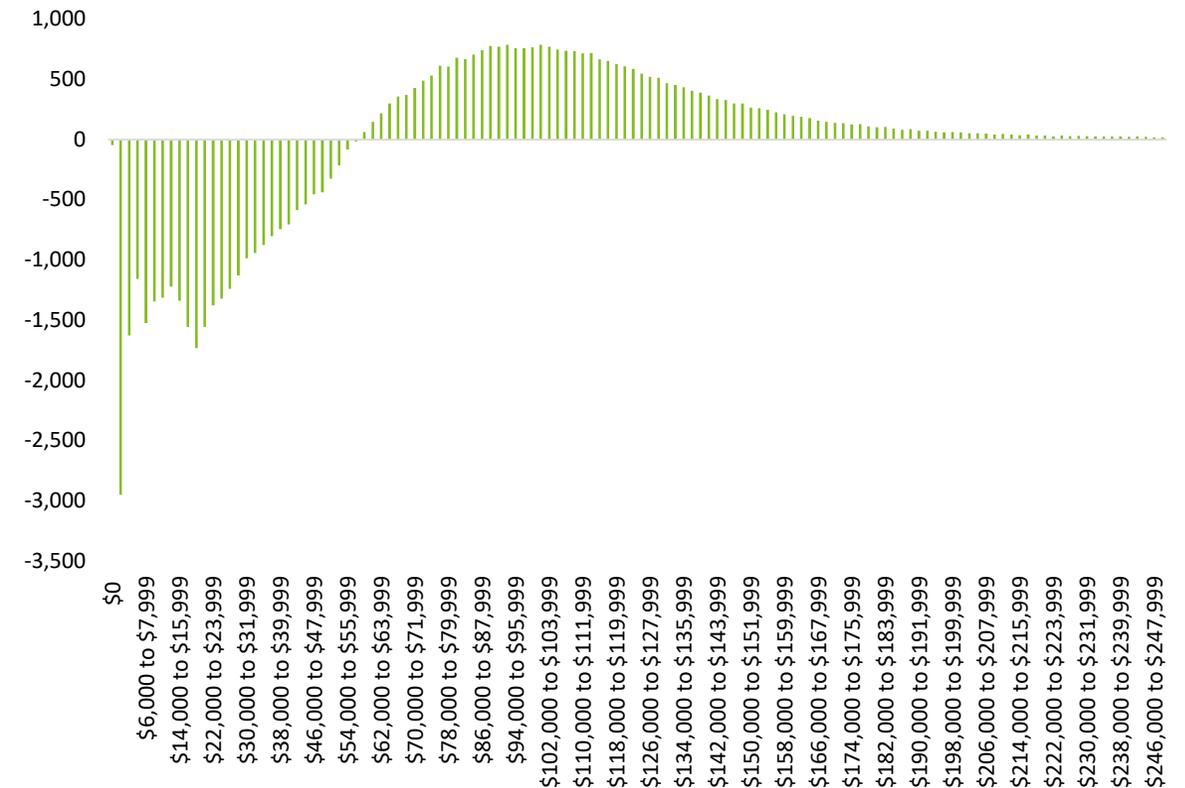


1. Alexander et al. (2017).

Early Childhood Education as an Enabler for Equality

- Some evidence suggests that children who attend ELCC retain their academic advantage throughout life, leading to higher wages when they later enter the workforce.
- Other research shows that early learning programs are particularly beneficial for children from poorer households or disadvantaged backgrounds, since there is often a wider gap between where the child’s skills stand when entering primary school and the level of skills deemed acceptable by the primary education system.
- Research from the Conference Board of Canada looked at the impact of the Gini coefficient, a measure of inequality, associated with increasing the labour force participation of women.
 - The Gini coefficient measures income distribution among the population – a Gini coefficient of zero represents a perfectly equal distribution of income while a coefficient of one represents one person in the population having all the income.
 - With support from a Canada-wide ECE program, the research found that if roughly 76,540 additional women were employed, as opposed to being out of the labour force, Canada’s Gini coefficient for families with young children (0 to 4 years old) would improve from 0.36 to 0.35 – representing a 2.3 percent reduction in income inequality for families with young children.¹ That is a significant increase given that the policy investment only affects roughly 0.5 percent of census families.

Figure 4: Change in Number of Families with Children Aged 0-4 in each Income Bracket



Source: Conference Board of Canada. Ready for Life. 2017.

1. Alexander et al. (2017).

Support for Children with Special Educational Needs

- Another potential avenue through which ELCC can reduce inequality is by improving educational opportunities for disadvantaged children.
- There has been evidence of the sustained impact of ECE on reducing the need for special education in the US, the UK, and other advanced economies.
 - A study of the Better Beginnings: Better Futures program for 4-8-year-olds in Canada found that students who participated in the program had better adaptive functioning/behavior at school, better preparedness to learn, less grade repetition, and a reduced need for special education, these results stuck with children throughout elementary and into high-school education.¹
 - A notable study of over 3,000 children in the UK tracked the impact of ECE on children through primary, elementary, and high school. The researchers found that children who attended ECE programs were 40 percent less likely to have special educational needs (“SEN”), with this increasing to 55 percent if children attended high-quality ECE programs.²
- While it is possible to have children catch-up in terms of their basic literacy and numeracy skills when they are older, it comes at a financial cost.
 - The cost of educating children with SEN is high, with price estimates in Nova Scotia, Newfoundland and Labrador, and British Columbia suggesting a cost of over \$2,000 per student in the current education system (Table 1).
 - To stress this point, it isn’t \$2,000 per child or youth with special needs, but rather the total student population in those provinces. This is hundreds of millions of dollars for small provinces and billions for larger provinces every year.
 - The high cost of special education classes raises the interesting possibility that universal ECE investment could lower the cost of SEN and this could help offset some of the cost of investing in national early learning and childcare.
- Ultimately, it is easier to help children catch-up to peers when they are younger.

Table 1: Examples of Provincial Cost of Special Needs Education

Province	Total Count K-12 Students	Cost of Special Needs Education	Cost per Student
British Columbia	663,208	\$1.6B	\$2,487
Nova Scotia	121,600	\$260M	\$2,140
Newfoundland and Labrador	63,570	\$130M	\$2,051

Data for BC are for 2019/20 and provided by the BC Ministry of Education. Data for NL are for 2020/21 and provided by Newfoundland and Labrador English School District (NLESD), as well as the Conseil Scolaire Francophone Provincial (CSFP). Data for NS are for 2020/21 and provided by Nova Scotia Department of Education and Early Childhood Development.

1. Worton et al. (2014).
 2. Melhuish (2019).



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Cost-Benefit Analysis of Early Childhood Education (1/3)

Several studies that look at the costs and benefits of ECE investments. Broadly speaking, the economy benefits from ELCC in the following four ways:



Increased tax revenue generated from an increase in the labour force participation of women. This gain is experienced quickly.

01



Potential reduction in demand for government programs, services, and transfers as a result of better labour market outcomes for parents and reduced need for special education. This effect also takes hold rapidly as it is tied to the improvement in labour participation.

02



Increased tax revenue generated over the long-term from increased employment driven by better labour market outcomes of children participating in ECE.

03



Increased tax revenue generated over the long-term from an increase in labour productivity driven by improved skills of children participating in ECE.

04

Cost-Benefit Analysis of Early Childhood Education (2/3)

- The literature on ECE investment points to positive benefit-cost ratios – which are similar to a return on investment (ROI).
- Benefits are derived from higher rates of labour market participation, better outcomes for children who receive ECE, and reduced spending on social supports. While costs range from staff salaries and benefits, administrative costs, office and building space, and program costs (e.g., materials for educational activities).
- Benefit-cost ratios show a range of estimates with every \$1 invested generating an economic impact of roughly \$1.6-\$5.8.
- Even if you use the lowest economic multiplier, the rate of return is very high.

Table 2: Benefit-Cost Ratios of Early Childhood Education

Study	Benefit-Cost Ratio	Benefits Covered	Costs Covered
Prentice (2007)	1.6	<ul style="list-style-type: none"> • Increase in direct and indirect GDP generated from expenditures 	<ul style="list-style-type: none"> • Staff salaries and benefits • Program costs (toys, books, etc.) • Office and building space • Administrative costs
Fortin, Godbout and St-Cerny (2011)	1.7	<ul style="list-style-type: none"> • Revenues from higher maternal labour force participation 	<ul style="list-style-type: none"> • Financial support for childcare centres • Childcare centre infrastructure • Pension benefits paid to employees working in childcare
Peters and others (2010)	2.0	<ul style="list-style-type: none"> • Impact on the use of health, special education, social services, and the criminal justice system 	<ul style="list-style-type: none"> • Staff salaries and benefits • Materials for educational and recreational activities • Food for snacks and small meals
Cleveland and Krashinsky (1998)	2.0	<ul style="list-style-type: none"> • Implied child development benefits for young children • Increased labour force participation of mothers, including increase in wages for some 	<ul style="list-style-type: none"> • Staff salaries and benefits
Fairholm (2012)	2.5	<ul style="list-style-type: none"> • Long-term benefits to children, such as lower grade failures, less reliance on special education, and lower smoking rates • Increased hours worked by mothers and potential increased wages 	<ul style="list-style-type: none"> • Input-output modelling of costs associated with care outside the home, costs include salaries and benefits to workers, expenditure on supplies, etc.
Conference Board of Canada (2017)	Lower Bound = 1.67 Upper bound = 5.83	<ul style="list-style-type: none"> • Revenues from higher maternal labour force participation • Revenues from higher future wage earnings for ECE participants 	<ul style="list-style-type: none"> • Funding for new ECE spaces, including instructor wages and school infrastructure

Cost-Benefit Analysis of Early Childhood Education (3/3)

- Given our constrained fiscal environment, it is natural to question if sustained and broadened public investment in ECE is affordable.
- Table 3 illustrates the estimated net impact on the federal and provincial fiscal balances in 2008, eleven years after the introduction of Quebec's ECE program.
 - Economist Dr. Pierre Fortin and colleagues use the estimated 70,000 additional mothers in the Quebec labour force in 2008 to estimate the increase in provincial gross domestic product (GDP).¹
 - This increase in GDP is then transformed into an increase in tax revenue using an elasticity assumption.² Hence, the federal and provincial governments benefit from increased personal employment, personal property, and corporate income tax revenues. Simultaneously, governments would benefit from a reduction in tax expenditures and transfers to families given the improved incomes of mothers.
 - Altogether, federal and provincial revenues would have increased by roughly \$2.2 billion. The Quebec government spent roughly \$1.2 billion funding the tax subsidy, resulting in a net fiscal improvement of roughly \$900 million.
- Dr. Fortin's analysis suggests that governments received \$1.75 in revenues for every \$1 spent on ECE investments. The benefits are greater than the costs even including social insurance costs, suggesting that an ECE program similar to Quebec's would pay for itself.

Table 3: Net Fiscal Impact of the Quebec ECE Program (estimated for 2008)

Source of impact	Level of Government		
	Federal	Provincial/ Municipal	Overall
Increase in tax revenue	530	1,129	1,659
• from personal employment income	231	349	580
• from personal property income	34	39	73
• from corporate income	95	78	173
• from production and other sources	170	663	833
Decrease in tax expenditure	43	170	213
Economy in transfers to families	100	179	279
Increase in revenue	+673	+1,478	+2,151
Increase in childcare costs	0	-1,232	-1,232
Change in fiscal balance	+673	+246	+919
Memo: Increase in contributions to social insurance plans ³	55	318	373

Source: Fortin, Godbout and St-Cerny (2013, Tables 5, 7 and 8). Summarized and shared by Dr. Pierre Fortin.

1. A summarized analysis was provided by Dr. Fortin to Deloitte for the purposes of this report. See full report for further details.

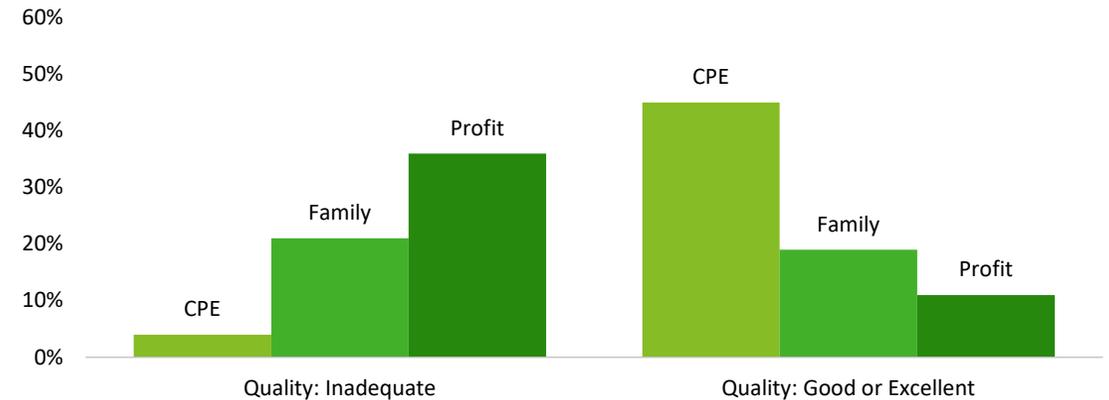
2. Fortin relies on Solow's proportionality theorem such that a 1.8% increase in employment (represented by the additional 70,000 workers) would translate to a 1.8%-increase in GDP. The percentage increase in taxes is taken to also be roughly 1.8%.

3. The increase in contributions to social insurance plans is not part of changes in fiscal balances because they are assumed to generate equivalent future benefits.

Funding Early Childhood Education

- Another dimension to the affordability question is how Canadian governments can support families to enroll their child in ECE.
- A critical consideration in providing ECE to all children is whether to fund a program via the demand-side (e.g., putting money in the hands of parents via a tax credit or subsidy) or supply-side (i.e., government regulated education, but not necessarily government operated or delivered ELCC) mechanisms.
- When making this assessment, it is necessary to consider which mechanism will result in the highest quality, given that programs must be high-quality to maximize the benefits of the investment.
- Again, ECE programs in Quebec highlight the potential difference in education quality based on the type of education provider.
 - Quebec reformed its childcare funding in 1997 and ended up with a system of not-for-profit (i.e., CPEs), family childcare, and for-profit childcare providers. Unfortunately for the children and the state, the quality of education at family and for-profit childcare providers in Quebec varied greatly and in aggregate was not as high as the not-for-profit CPEs, resulting in below optimal outcomes for children (Figure 5).¹
 - When the subsidized Quebec program first started, CPEs were directly government funded, with low parent fees. However, when demand exceeded supply, additional funding was provided through tax credits and subsidies offered to parents, which paid for more for-profit and family childcare centres, but overall provided lower quality childcare.
- These dynamics suggest ECE programs should be funded via supply-side mechanisms, with regulations to ensure quality – and not by tax credits or transfers to parents since that approach is less likely to create quality ELCC programs.

Figure 5: Share of Quebec Children 18-66 months by Quality and Type of Care



Source: Cleveland (2018). Institut de la Statistique du Quebec (2004 and 2015). Note: "CPE" = Early childhood centres (in 2014); "Family" = Licensed family childcare (in 2003); "Profit" = For-profit full-fee garderies (in 2004).

The Benefits of a Universal Approach to Early Childhood Education

All together, the benefits of a universal approach to ECE are many

Revenues generated outweigh costs

Can help to create an even playing field for children from different socioeconomic backgrounds

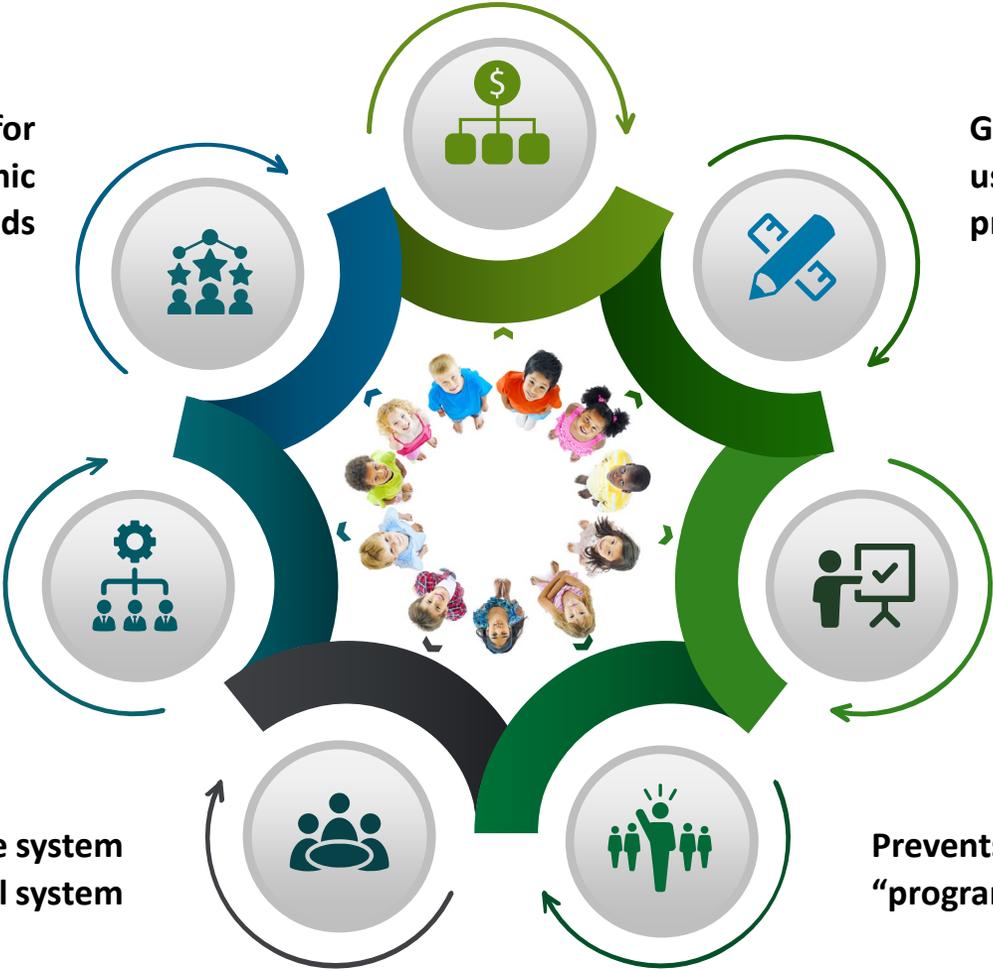
Generation of fiscal surplus that can be used for reinvestment in other government priorities

Can raise the standard of ECE options across communities in Canada

Supports mixing of children and families from across communities and social classes

Casts the early learning and childcare system as a part of our free public school system

Prevents damaging stigma associated with “programs for the poor”





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We know there are many benefits of a universal, publicly funded, early childhood education system that is aligned to Canada's current public education system. So, how do we get there?

Recommendations (1/3)

1 Governments should invest in universal, high-quality early learning and childcare that is curriculum-based and delivered by certified educators

1

- Some provinces have made significant gains in recent years by ensuring ECE coverage for children. The underlying recommendation is that after getting full coverage of 4-year-olds, enrollment should increase to 3-year-olds in order to increase the duration which children receive ECE as that is tied to skills development.

2 Ensure the funding is adequate and sustained

2

- To achieve the recommended outcomes, both federal and provincial governments will need to work together to develop co-funding models that shift investment in ECE away from individuals and from demand-side tax credits and rather towards incorporating ECE as a public service akin to healthcare and primary education.
- To give an idea of the required investment, the estimated cost of raising enrollment in early learning to the OECD average according to the Conference Board of Canada in 2017 was \$3.3 billion for operating costs and \$3.7 billion in infrastructure, for a total of \$7 billion.¹ A more recent report from the Atkinson Centre in 2020 estimated that the federal government would need \$8 billion of investment to reach OECD average enrollment, again partly for annual operating costs and partly for infrastructure.²

1. Alexander et al. (2017).

2. Yalnizyan & McCuaig. (October 2020). A Year-by-Year Approach to Investing in Early Learning and Child Care. Toronto: Atkinson Centre



Recommendations (2/3)

Ensure an adequate supply of quality ECE educators.

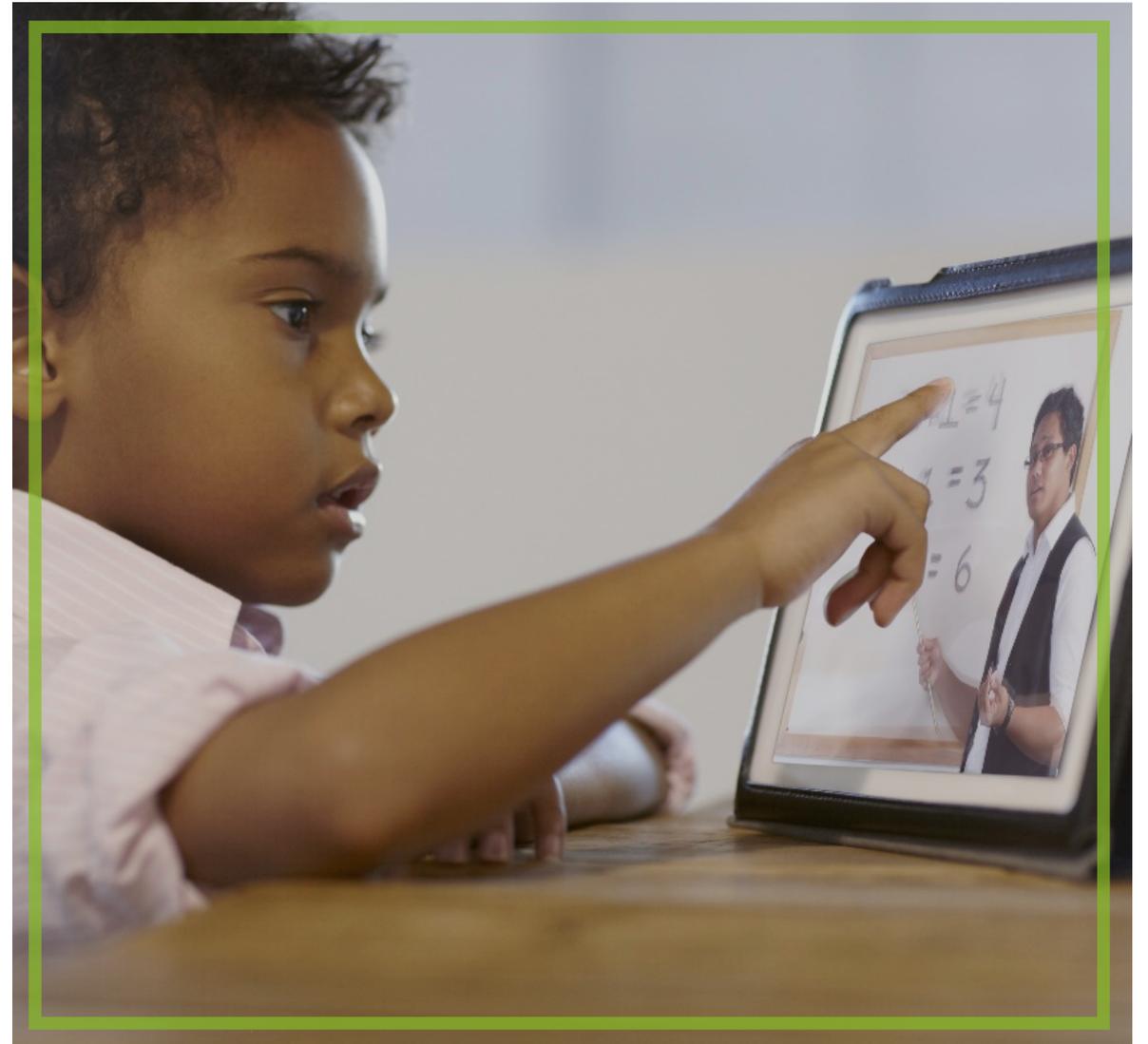
3

- Currently, there are not enough ECE professionals to support our recommendation of universal, high quality early learning. Moreover, wages are often low which could contribute to the high turnover of educators at ECE centres.
- By providing stable and sufficient funding, we can provide competitive wages, and ensure that educators have the skill sets and experience to provide high quality care and learning opportunities for children.

Provide effective oversight to the institutions delivering the programs

4

- Early childhood learning will only achieve the required benefits and gain widespread support if it is high quality.
- Governments should establish effective, flexible research and monitoring frameworks that help ensure ECE is achieving its intended learning and developmental outcomes and help support educational policy in Canada.
- The federal government could play an important role in establishing standards and collecting the statistics on quality and performance, which could help to create more harmony across provincial and territorial ELCC programs.



Recommendations (3/3)

Enhance awareness of ECE's benefits

5

- In order to achieve the gains outlined in this paper, enrolment needs to improve.
- Therefore, we need to better communicate the link between ECE and individual learning outcomes to help families make informed choices on childcare.
- It would also be helpful if the business community fully appreciated the impact of childcare as a critical infrastructure for their labour force and added their voice in support of government investment in ELCC. ELCC provides businesses with more workers and more productive workers.

Broader infrastructure investment

6

- The ideal location of early childhood education is within schools to provide a seamless transition to primary school. However, some schools may require capital investment to ensure adequate space.
- Ultimately, the investment will need to cover annual operating costs and infrastructure requirements. This capital spending will need to be factored into early learning and childcare policy decisions.



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