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# Ready For Life in Atlantic Canada

A Socio-Economic Analysis of Early Childhood Education

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# The Case for Expanding ECE in Atlantic Canada.

The challenge: Long-term growth prospects in Atlantic Canada are modest. Stronger economic growth is needed to pay for social priorities.

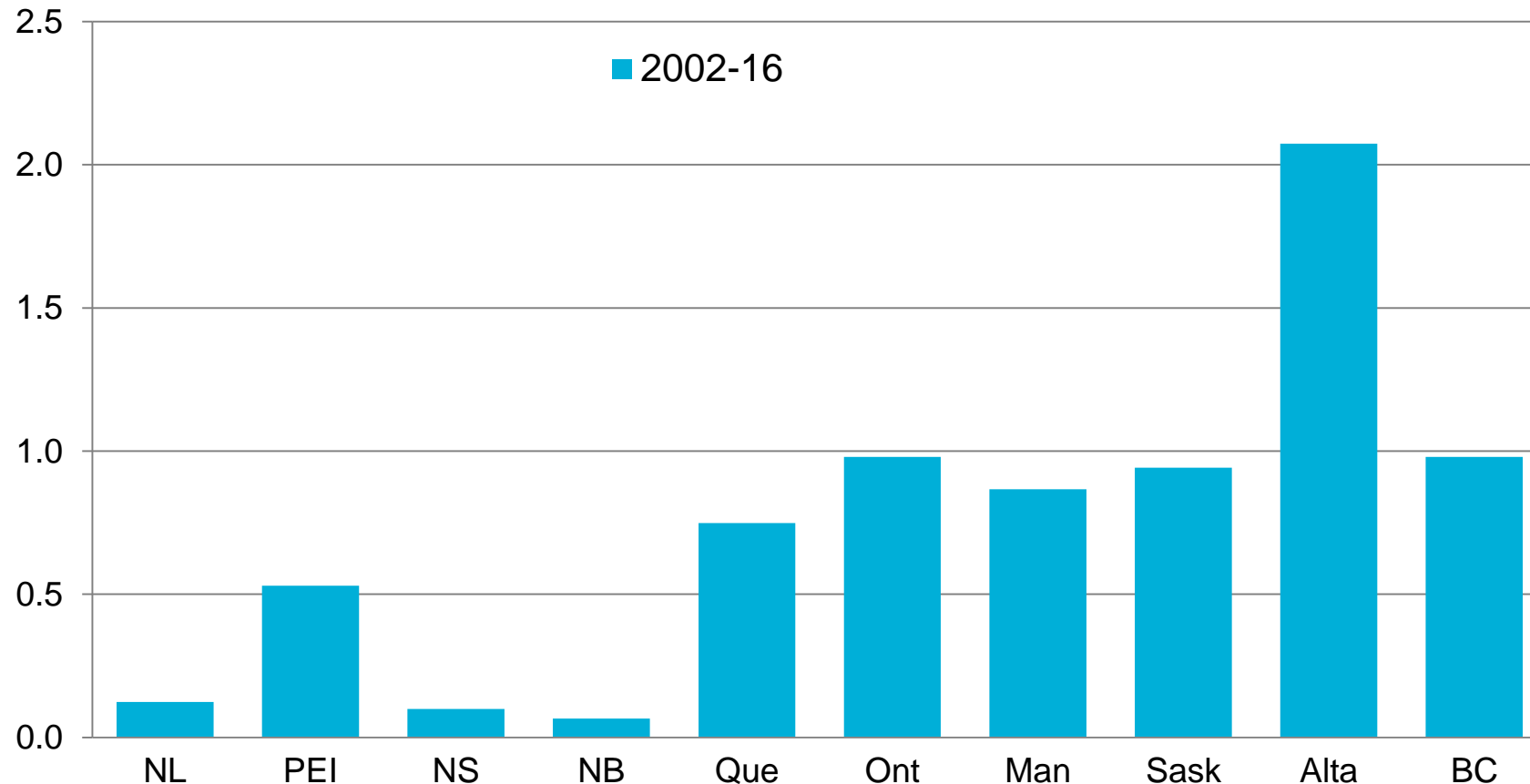
The Conference Board of Canada evaluated the impact of early childhood education (ECE) on Canada's economy in our report *Ready for Life*.

The results show that an expansion in ECE would increase female labour market participation, improve child outcomes (particularly for disadvantaged children), and reduce inequality in Canada.



# Population Growth Weak in Atlantic Region

average annual compound growth, per cent

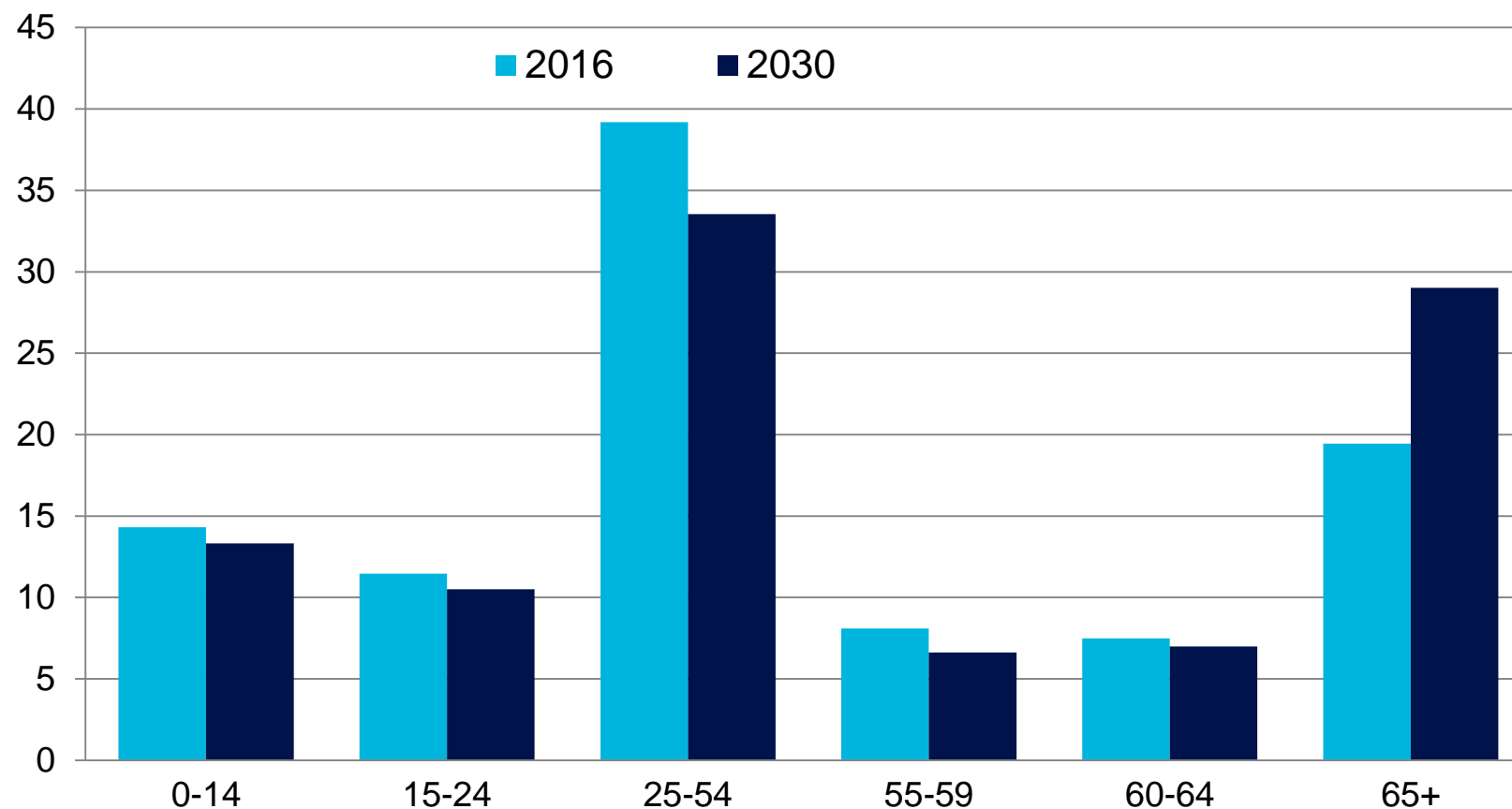


Sources: Statistics Canada; The Conference Board of Canada.



# Atlantic Canada Population Shares by Age

per cent, 2016 and 2030



Source: Statistics Canada.

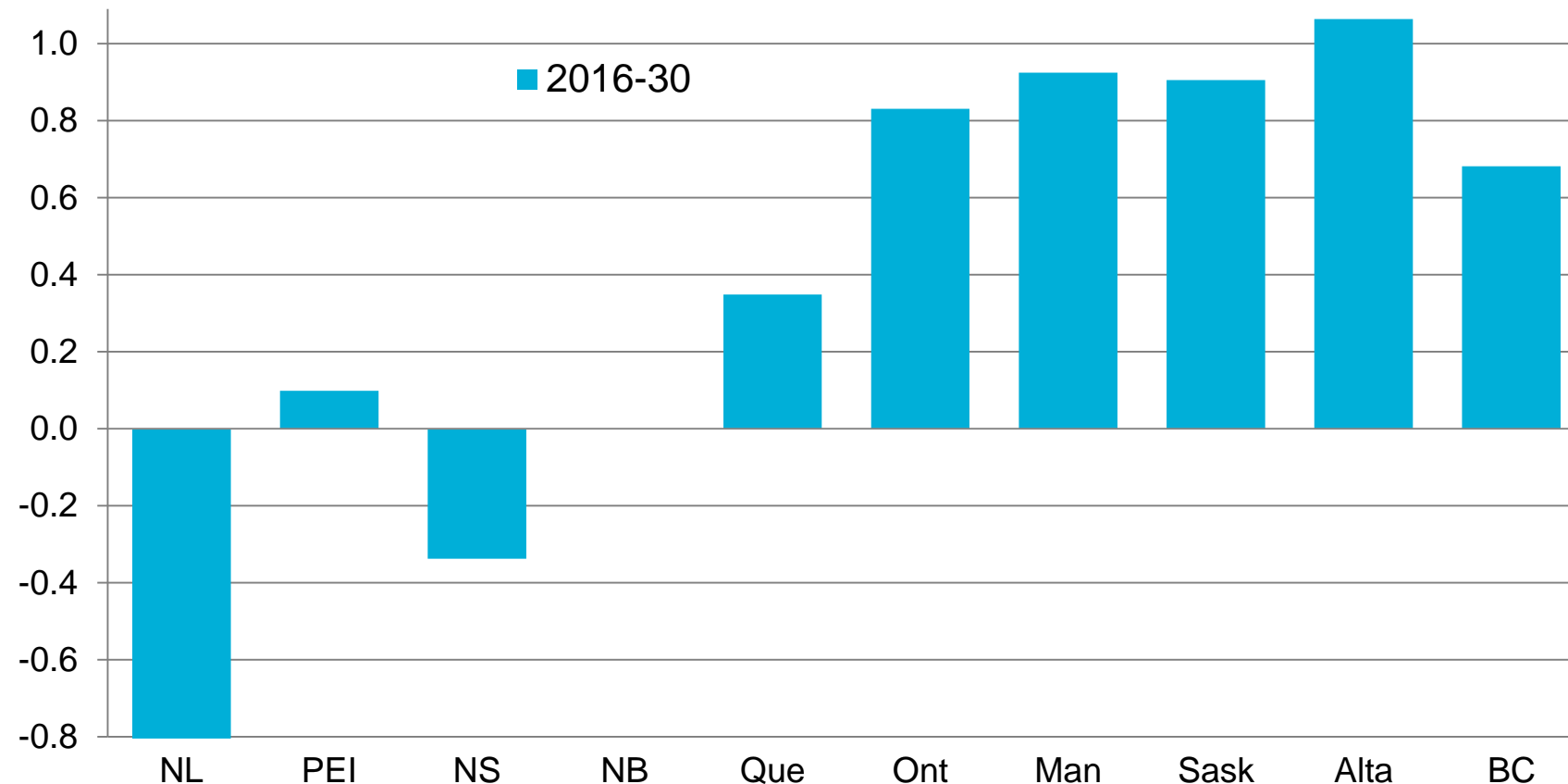


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# Labour Force Growth by Province

average annual compound growth, per cent

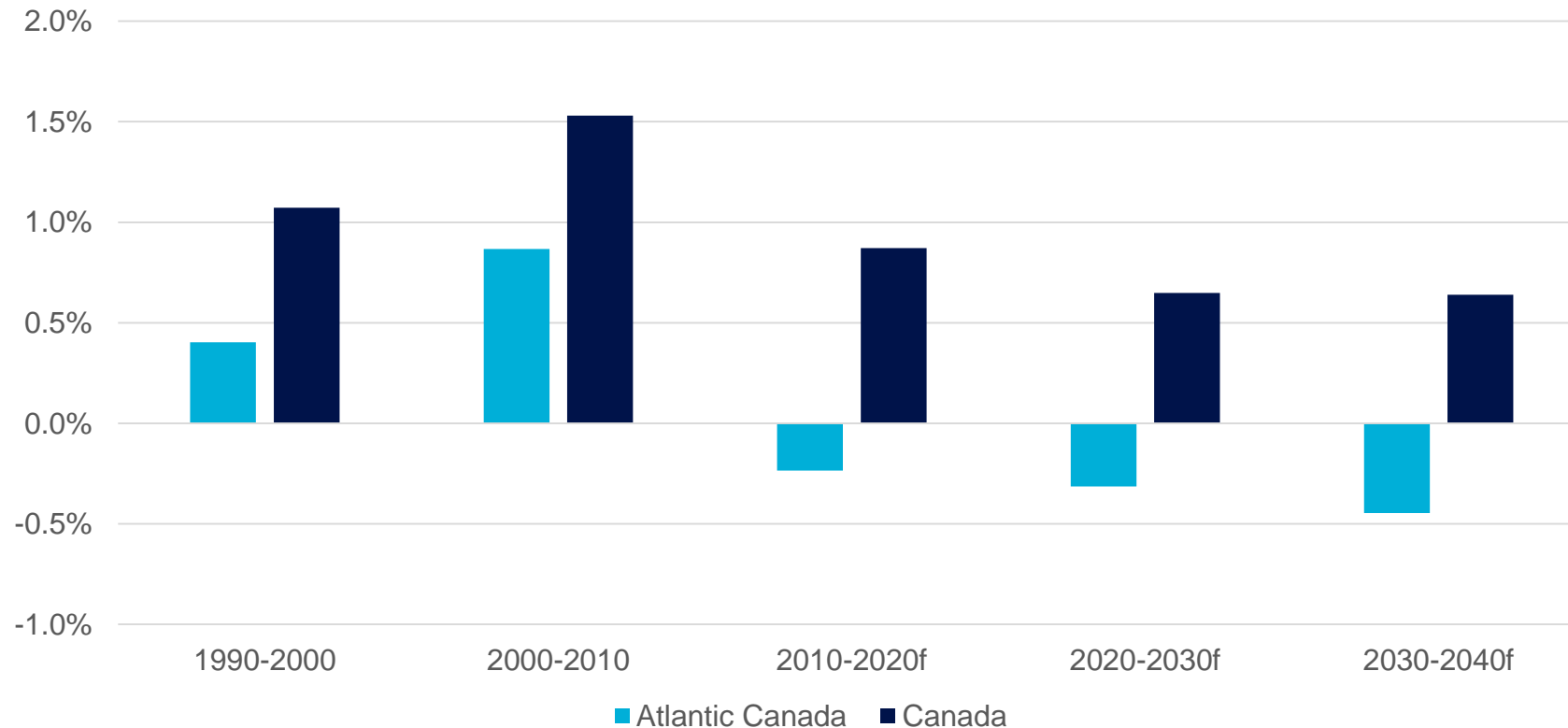


Sources: Statistics Canada; The Conference Board of Canada.



# Atlantic Canada Faces Declining Labour Force Growth.

(average annual labour force growth, f=forecast)



Source: The Conference Board of Canada.

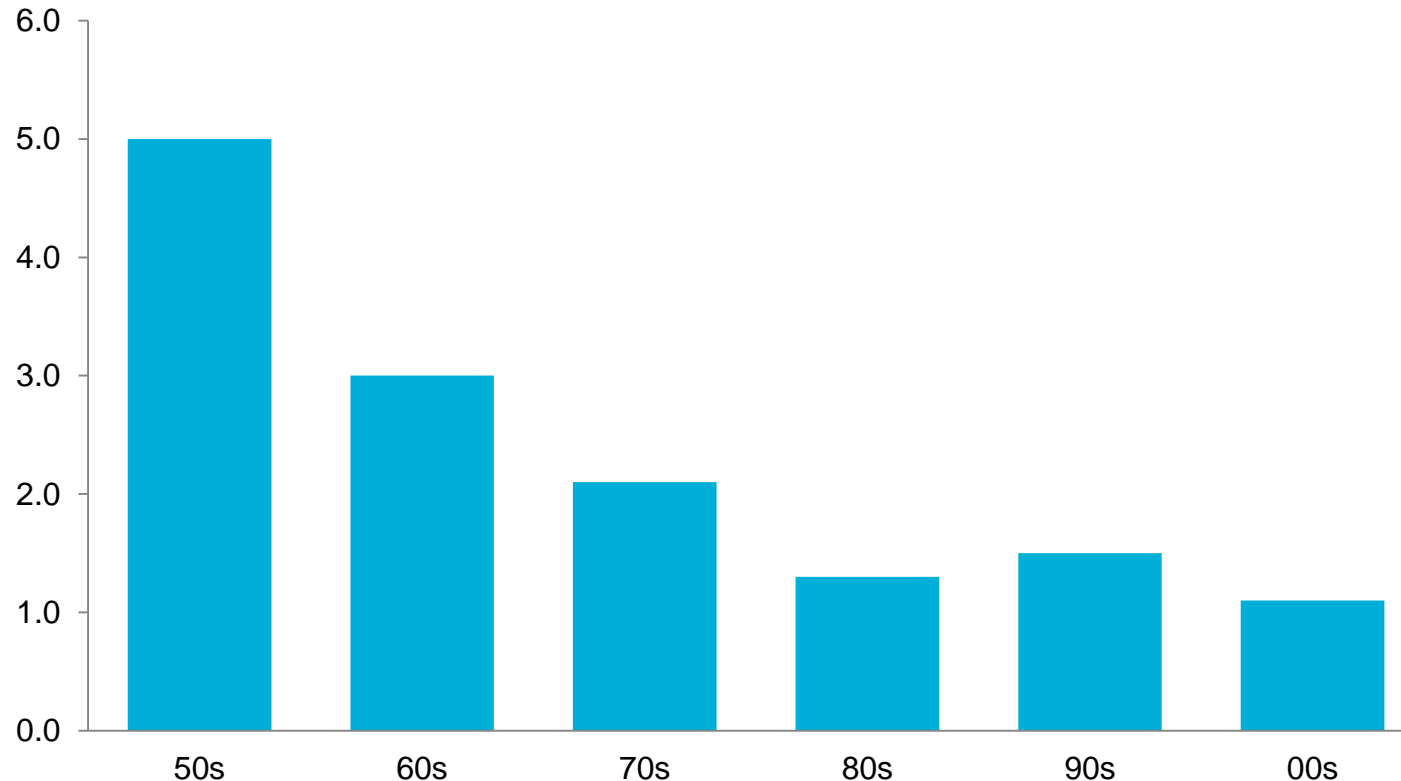


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# Future Growth Depends on Competitiveness, but Canada has a Productivity Problem

Business Labour Productivity, Year-over-Year % Change

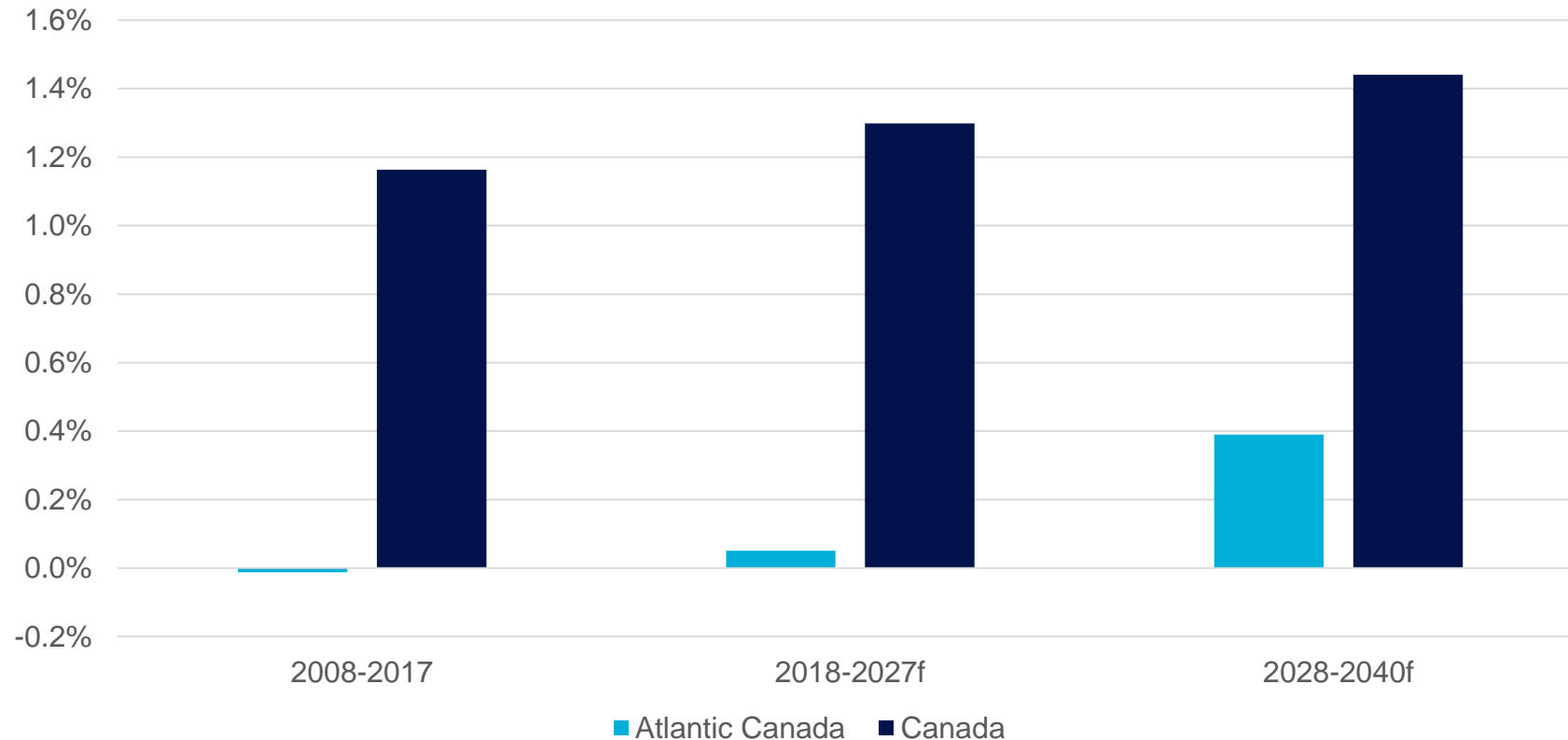


Source: Statistics Canada, Centre for Study of Living



# Productivity Growth Has Fallen Flat in Atlantic Canada.

(average annual growth in GDP per hour worked, f=forecast)



Source: The Conference Board of Canada.



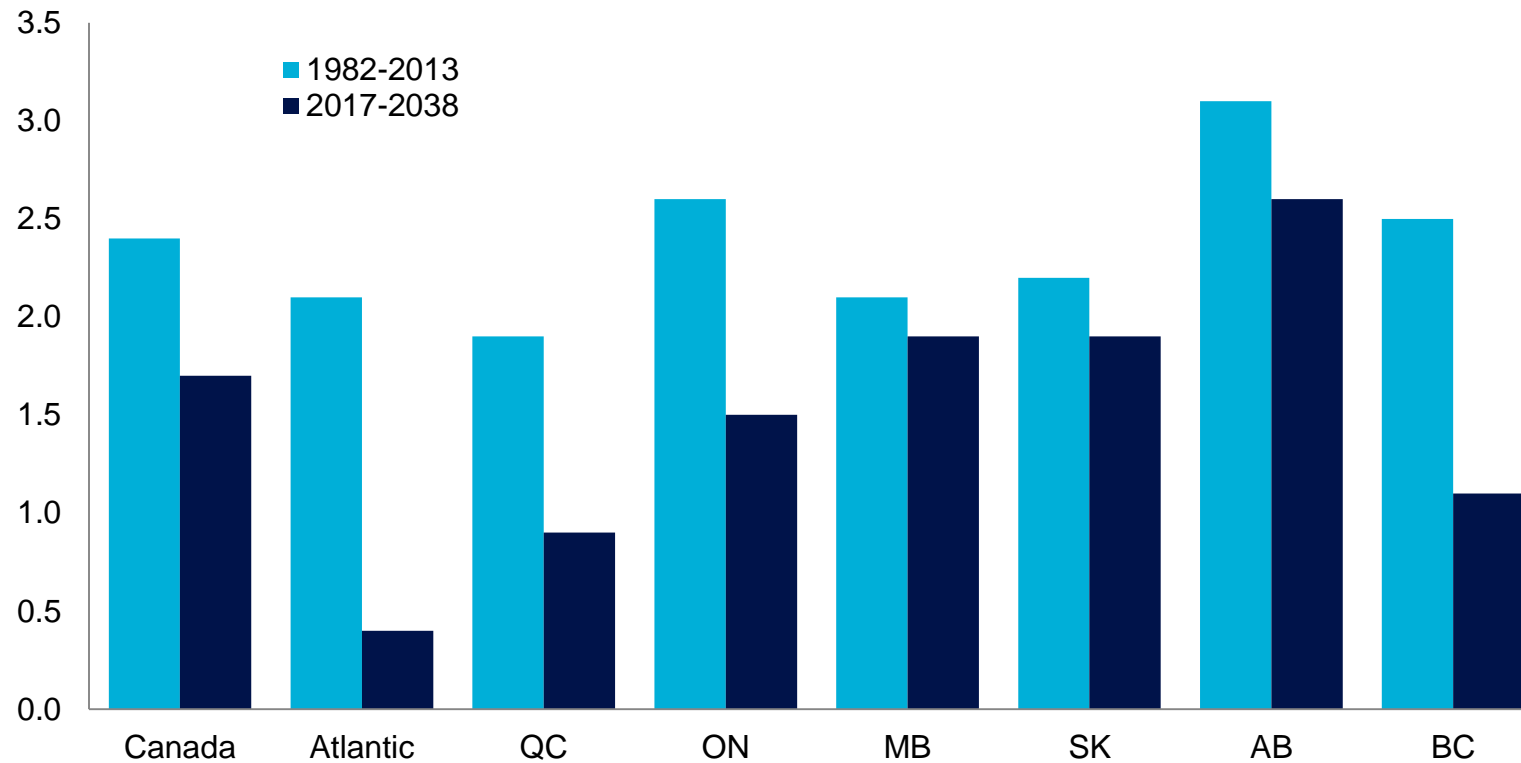
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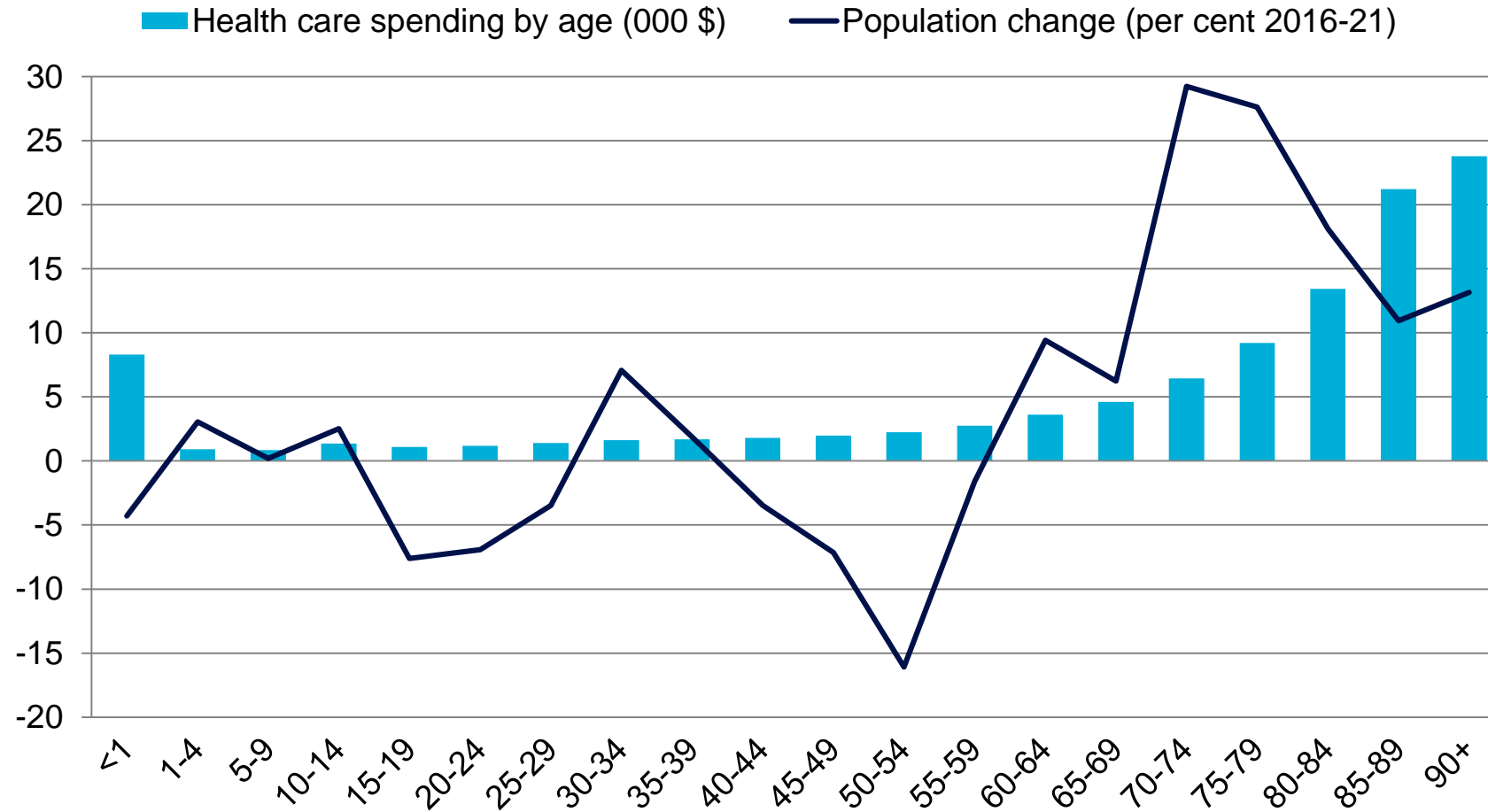
# Slower Long-Term Projected GDP Growth

average annual compound growth, per cent



# Need to Raise Growth to Afford Key Priorities

## Health Care Spending to Balloon

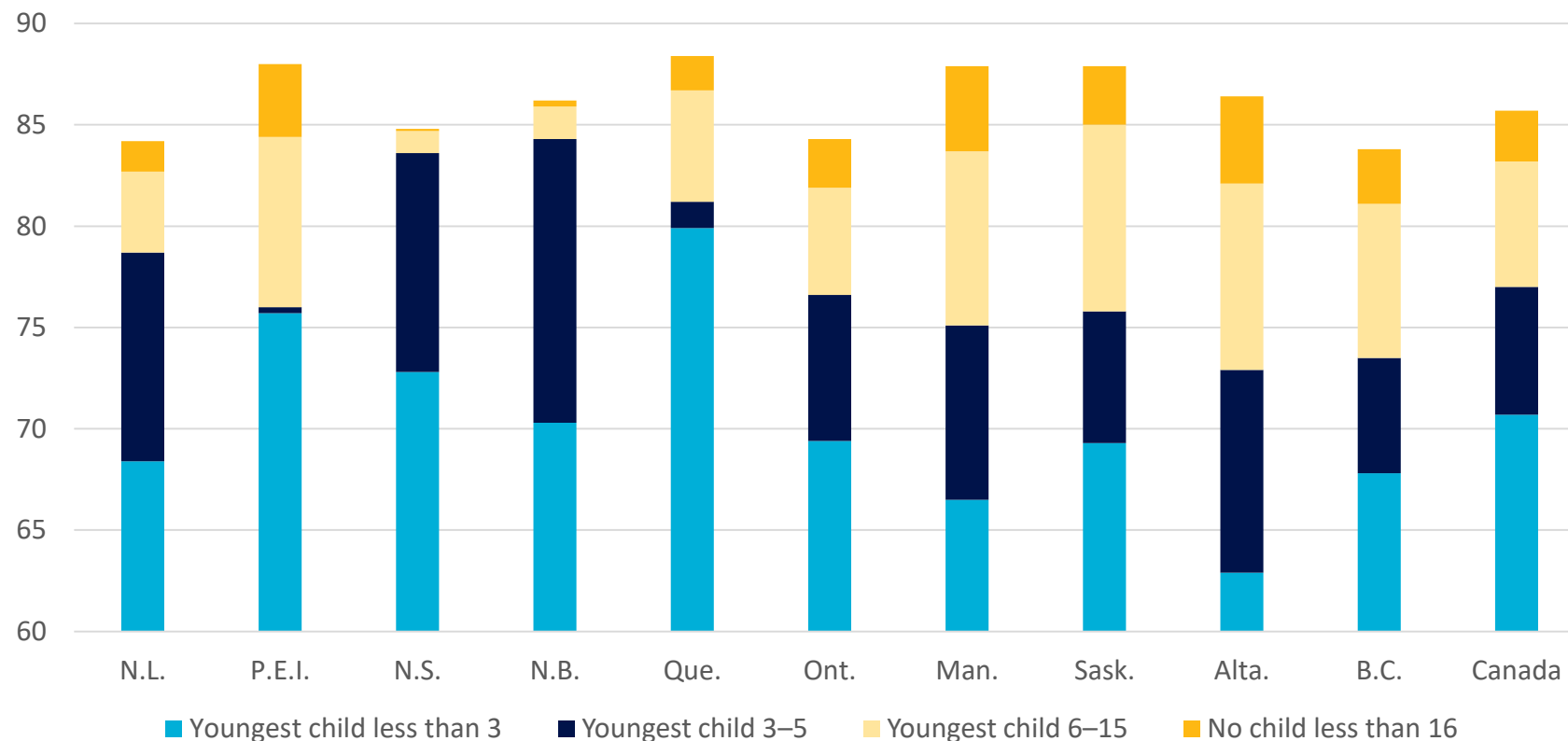


Sources: Canadian Institute of Health Information, The Conference Board of Canada and Statistics Canada, Data for New Brunswick.



# Labour Participation of Women with Young Children is Below Average.

(labour force participation rates for women aged 25 to 54, 2016)



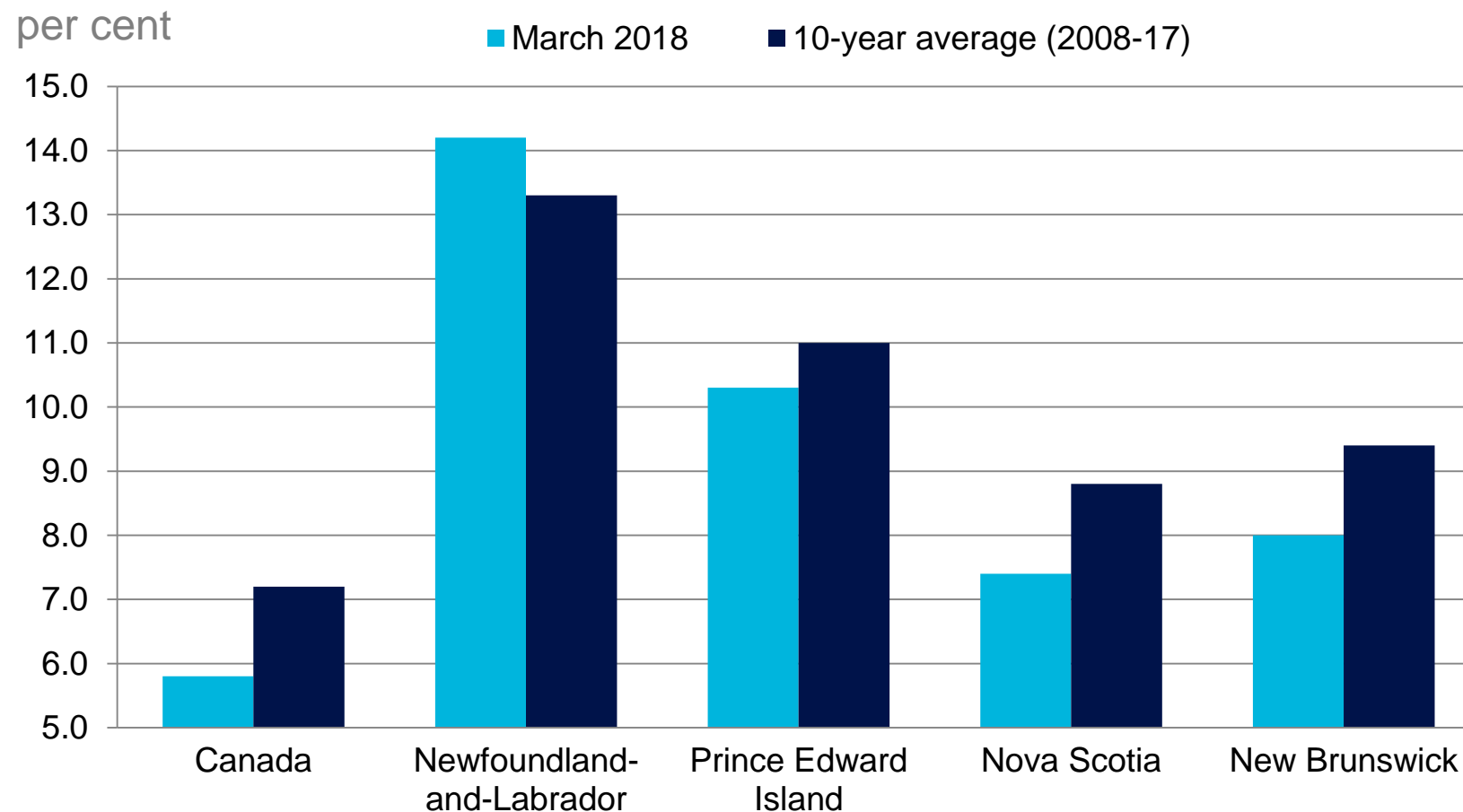
Source: The Conference Board of Canada.



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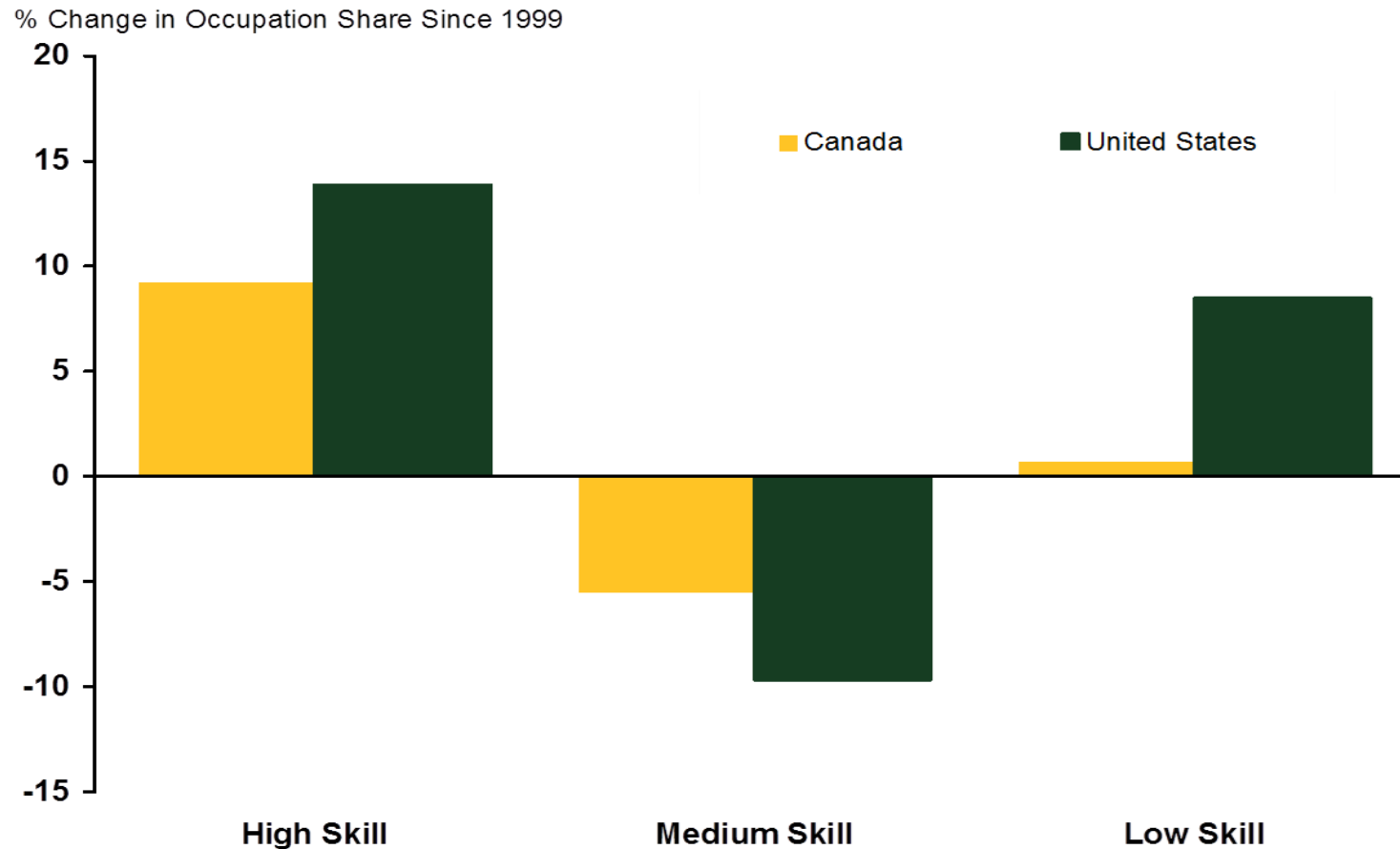
# Atlantic Canada Unemployment Rates Show Workers Not Fully Utilized



Source: The Conference Board of Canada; Statistics Canada.



# Labour Demand Fundamentally Changed

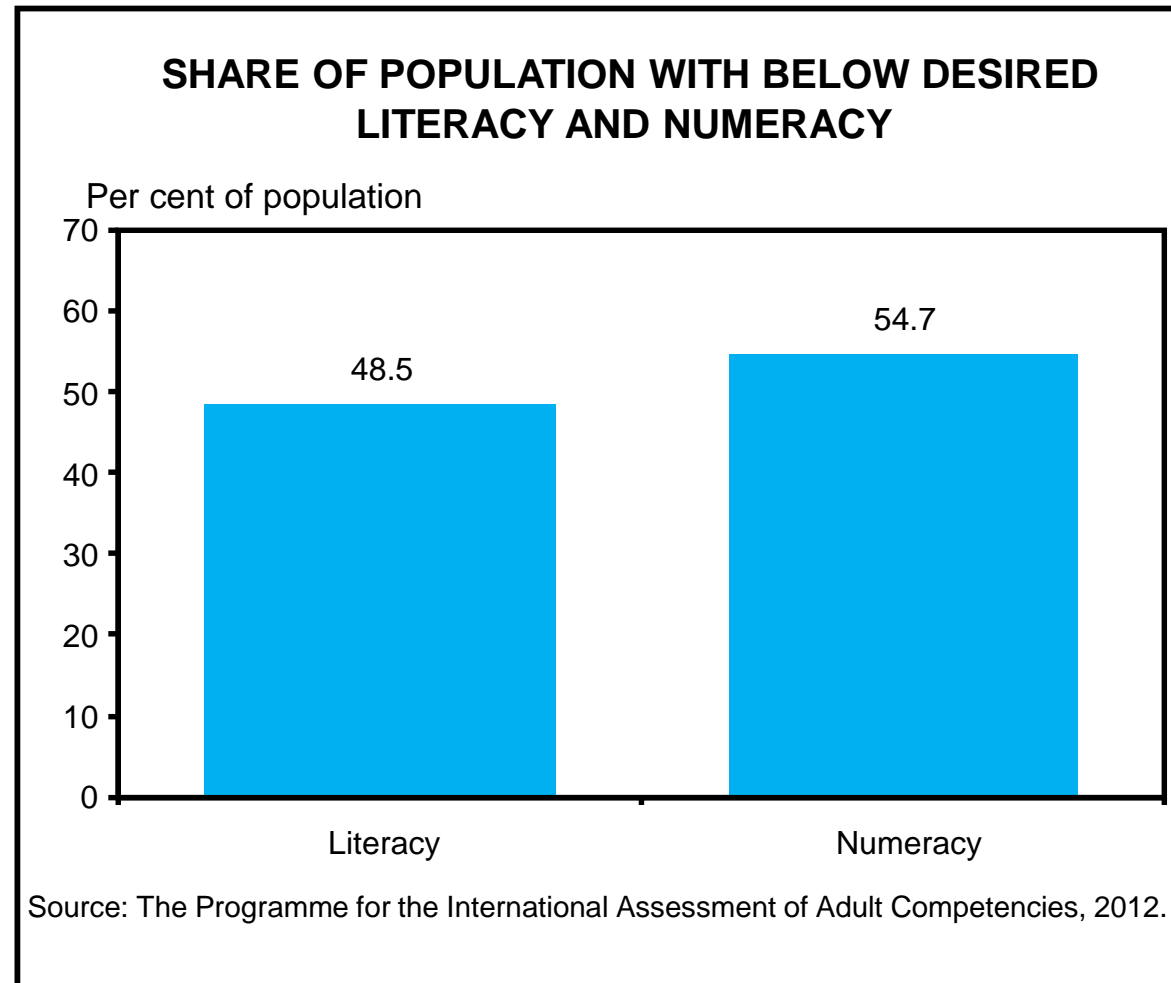


\* Canada's data encompasses 1999-2012, whereas U.S. data cover 1999-2009.

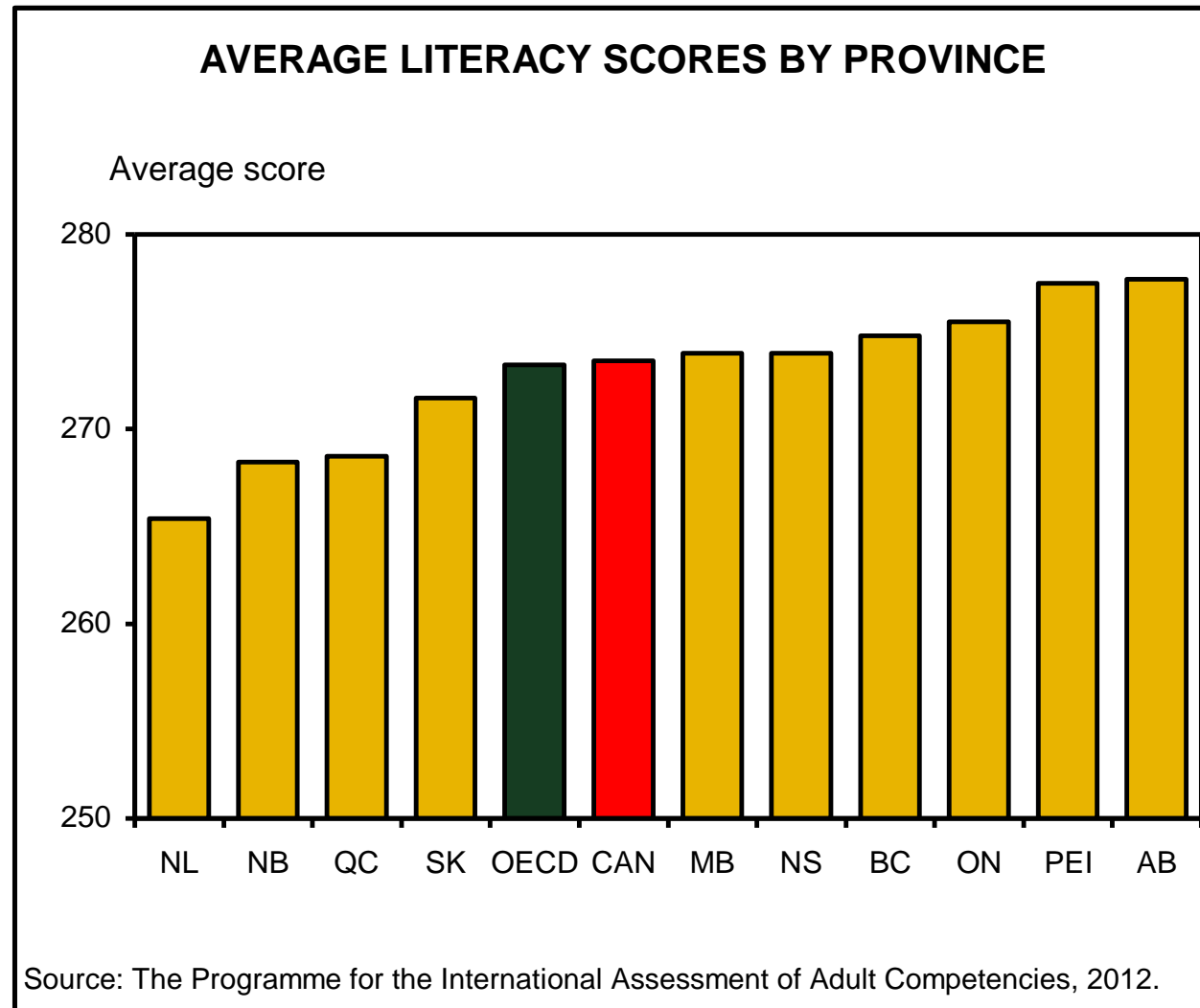
Source: TD Economics, Statistics Canada, BLS, David Autor (MIT)



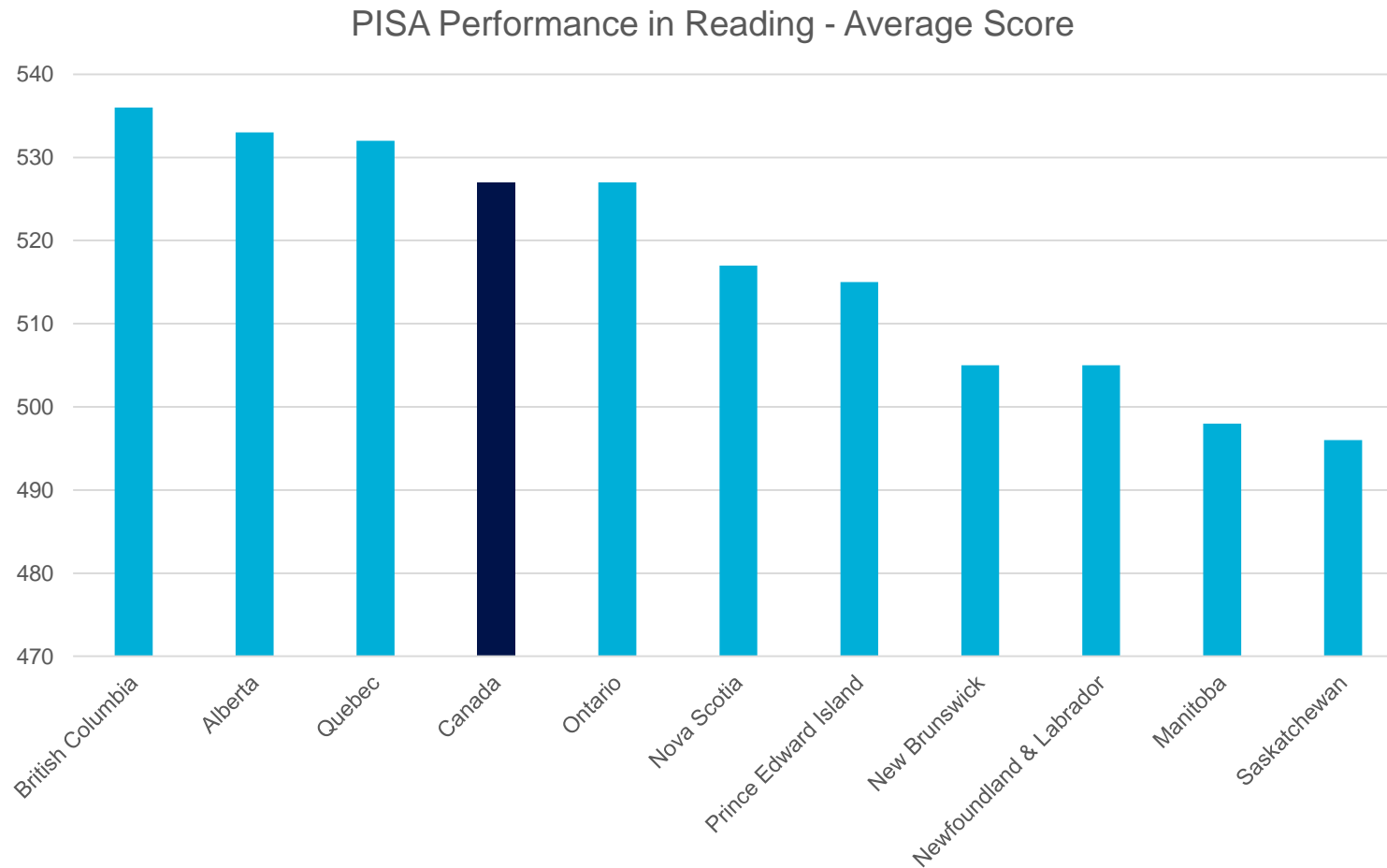
# Need High Skilled Workers, but Many Canadians Have Inadequate Literacy



# Parts of Atlantic Do Better Than Average, But Still Scope to Improve



# Need to Strengthen Essential Skills



Source: The Conference Board of Canada; Statistics Canada.



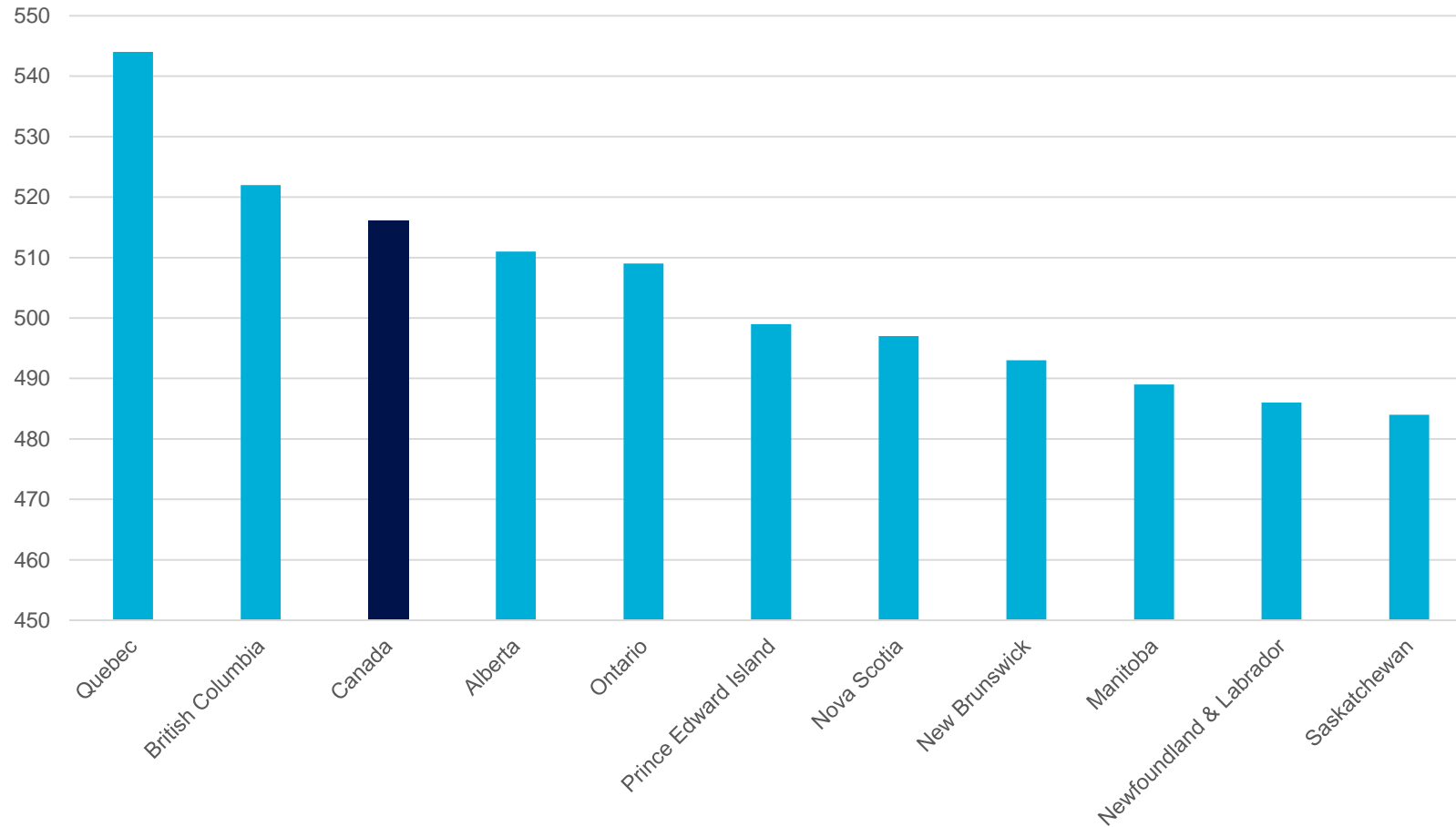
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# Need to Strengthen Essential Skills

PISA Performance in Mathematics - Average Score



Source: The Conference Board of Canada; Statistics Canada.

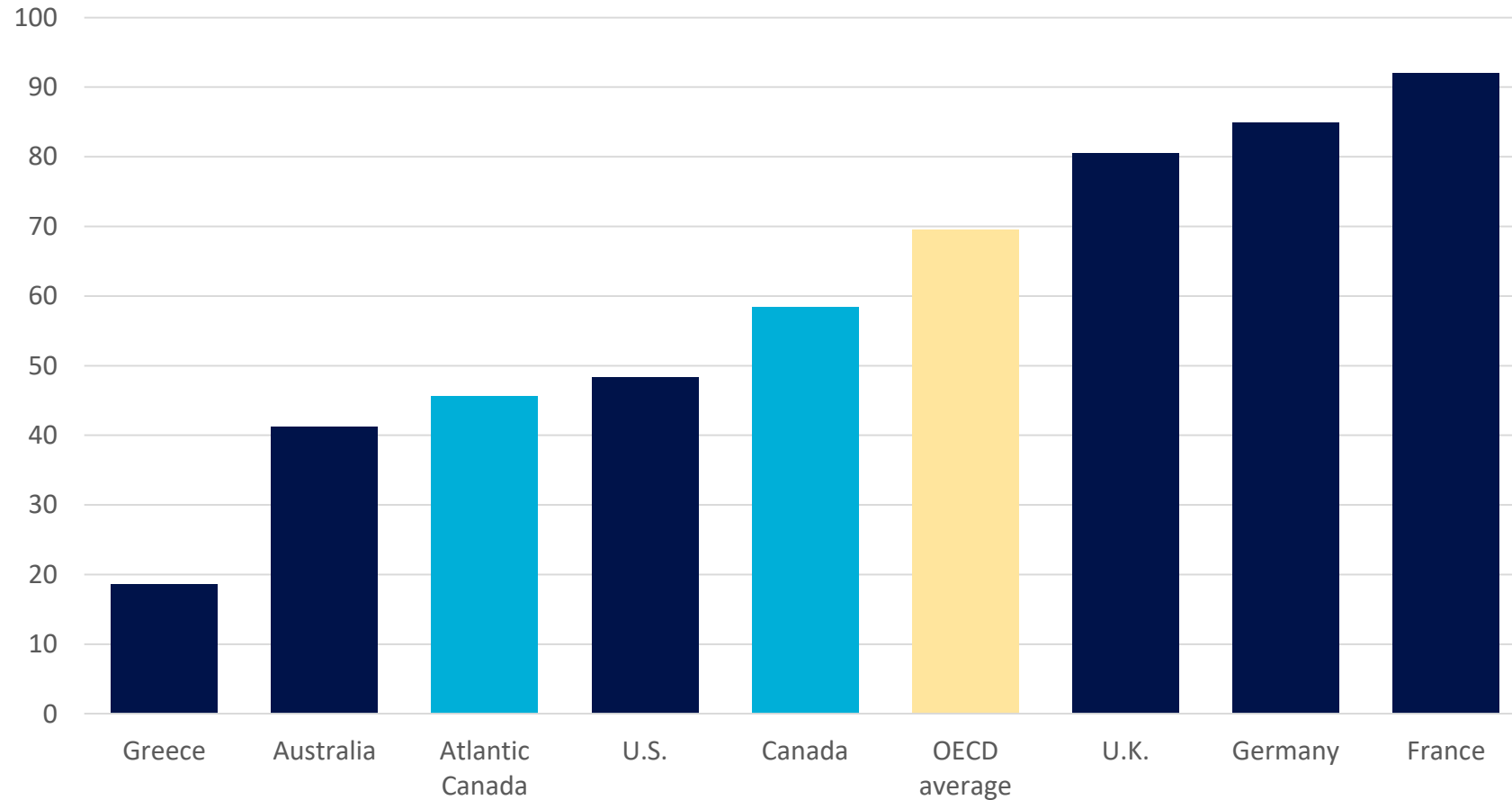


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# Atlantic Canada has Low ECE Enrolment.

(ECE enrolment rates, ages 2-4, 2014)

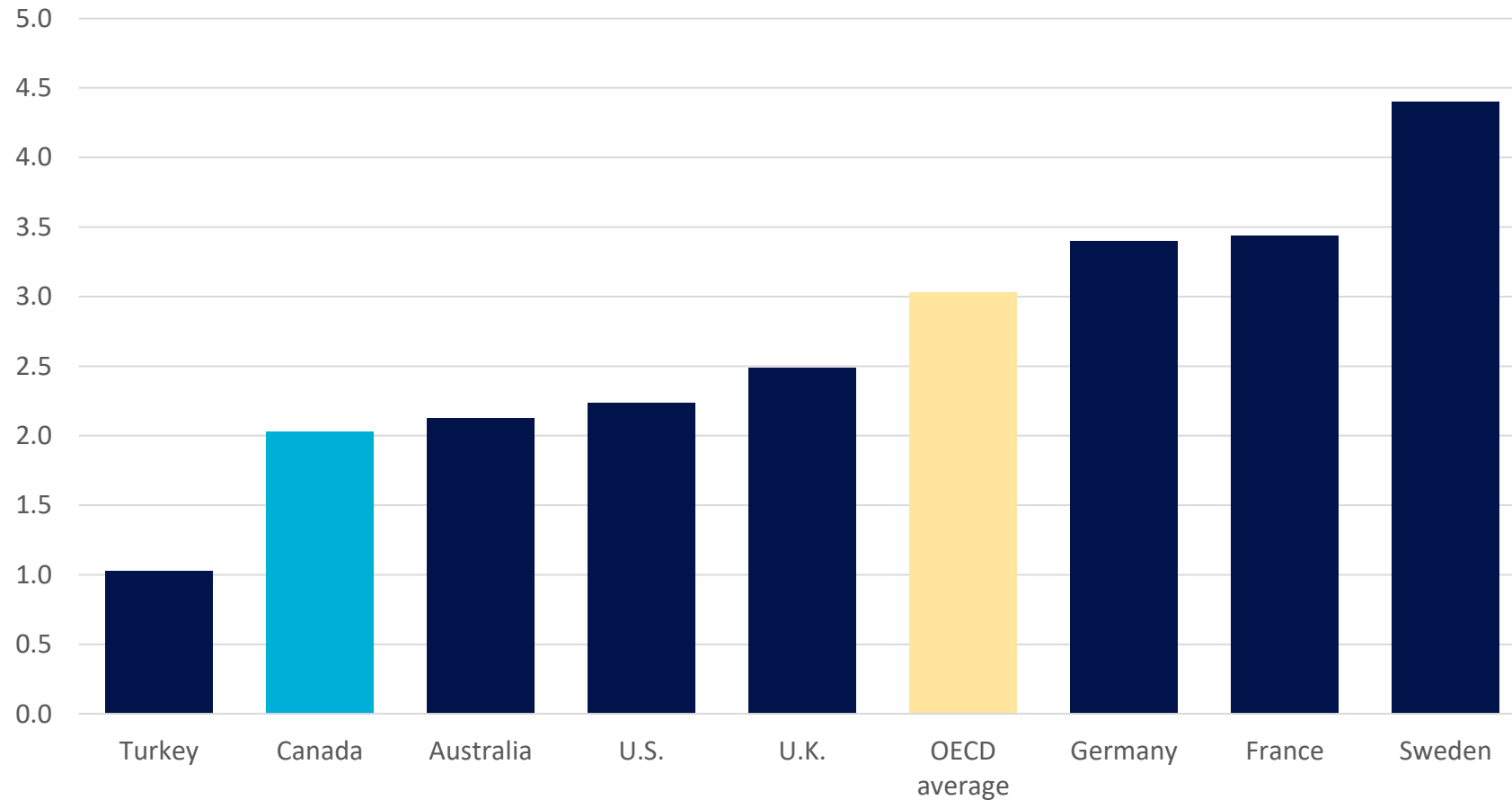


Source: The Conference Board of Canada.



# Canada has a Low Duration of ECE.

(Average duration of pre-primary education, years)

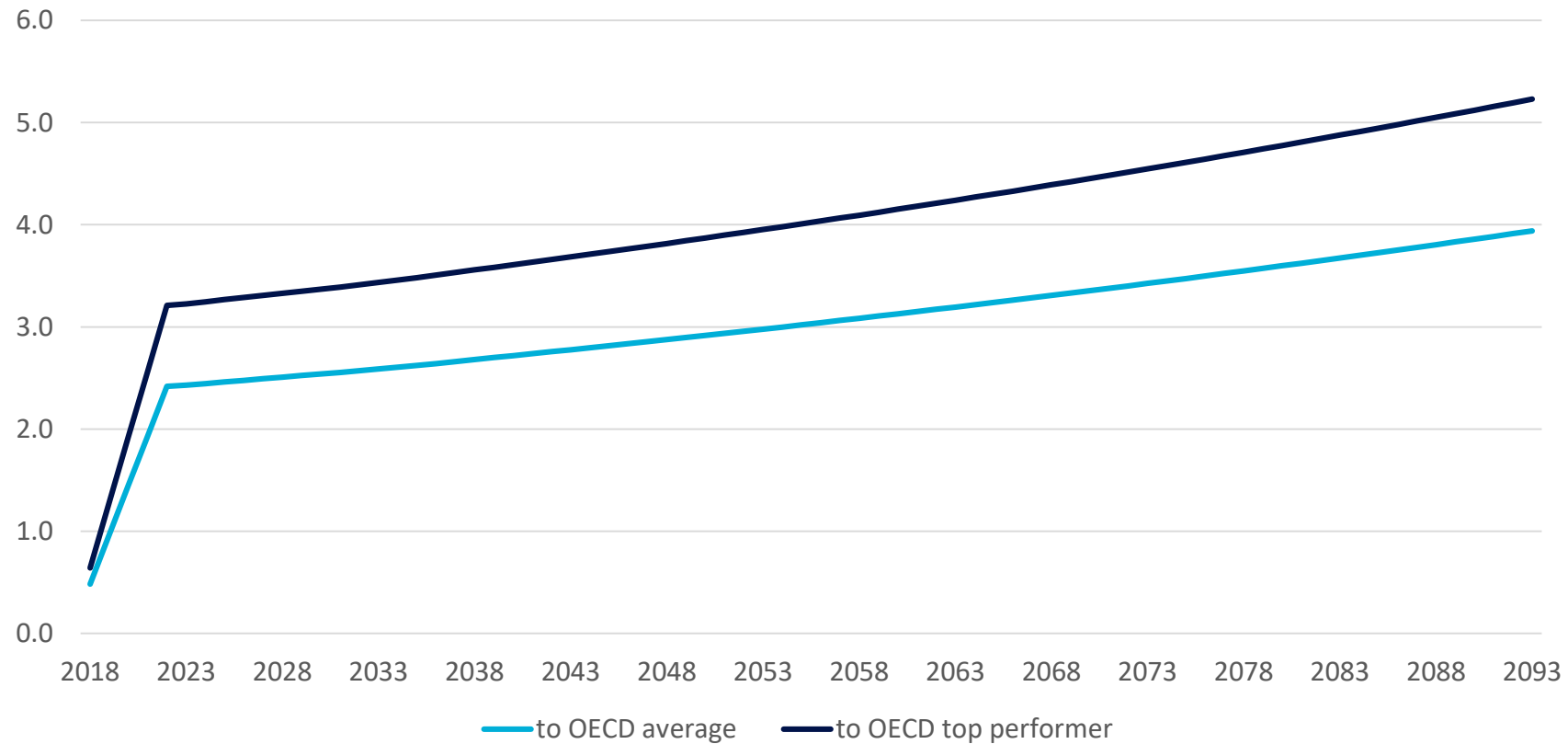


Source: The Conference Board of Canada.



# Increased Investment in ECE Would Boost the Labour Force in Atlantic Canada.

(increase in Atlantic Canada labour force, thousands)



Source: The Conference Board of Canada.

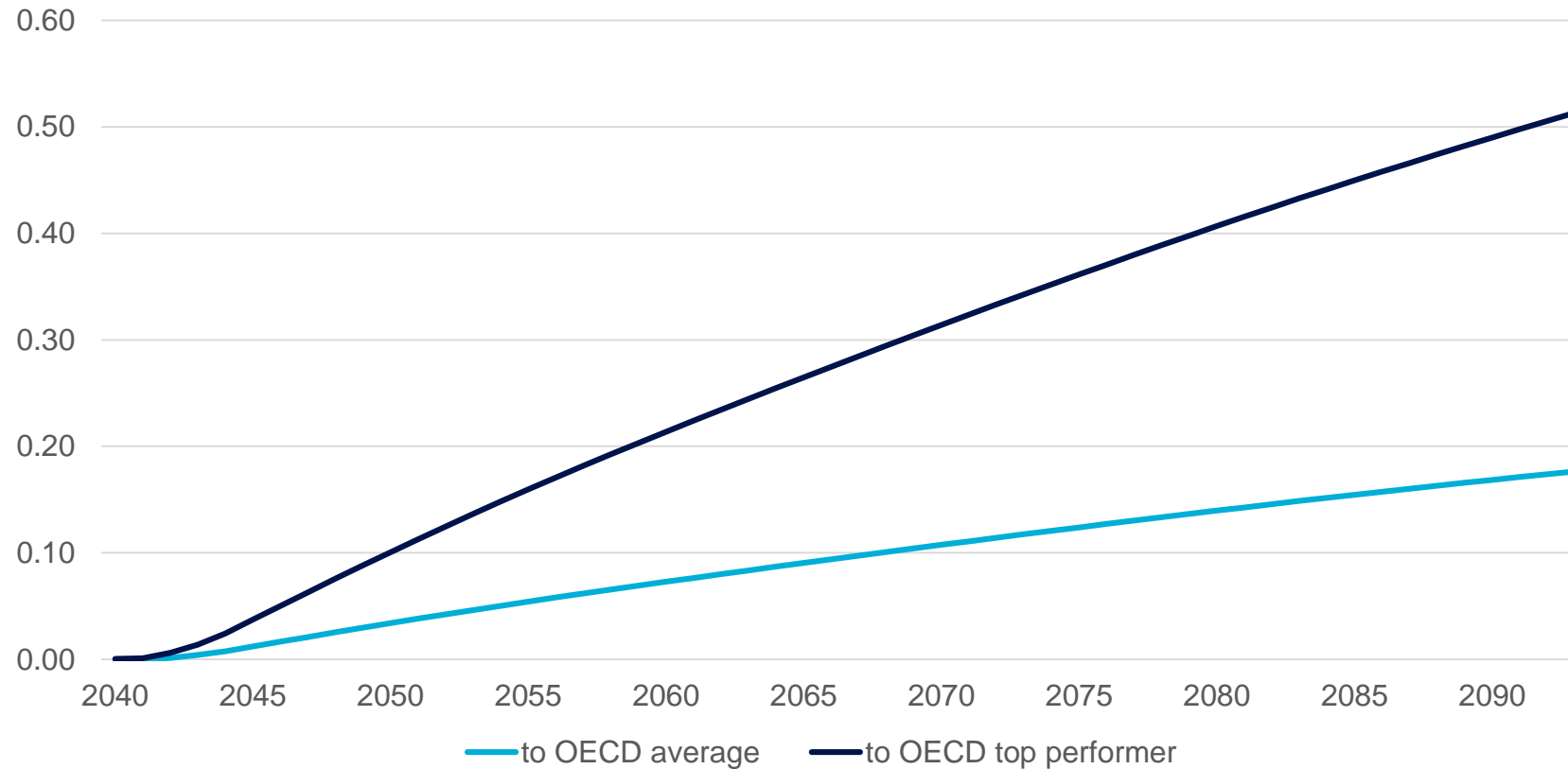


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# Increased Investment in ECE Would Boost Skills and Wages in Atlantic Canada.

(per cent increase in wages)



Source: The Conference Board of Canada.

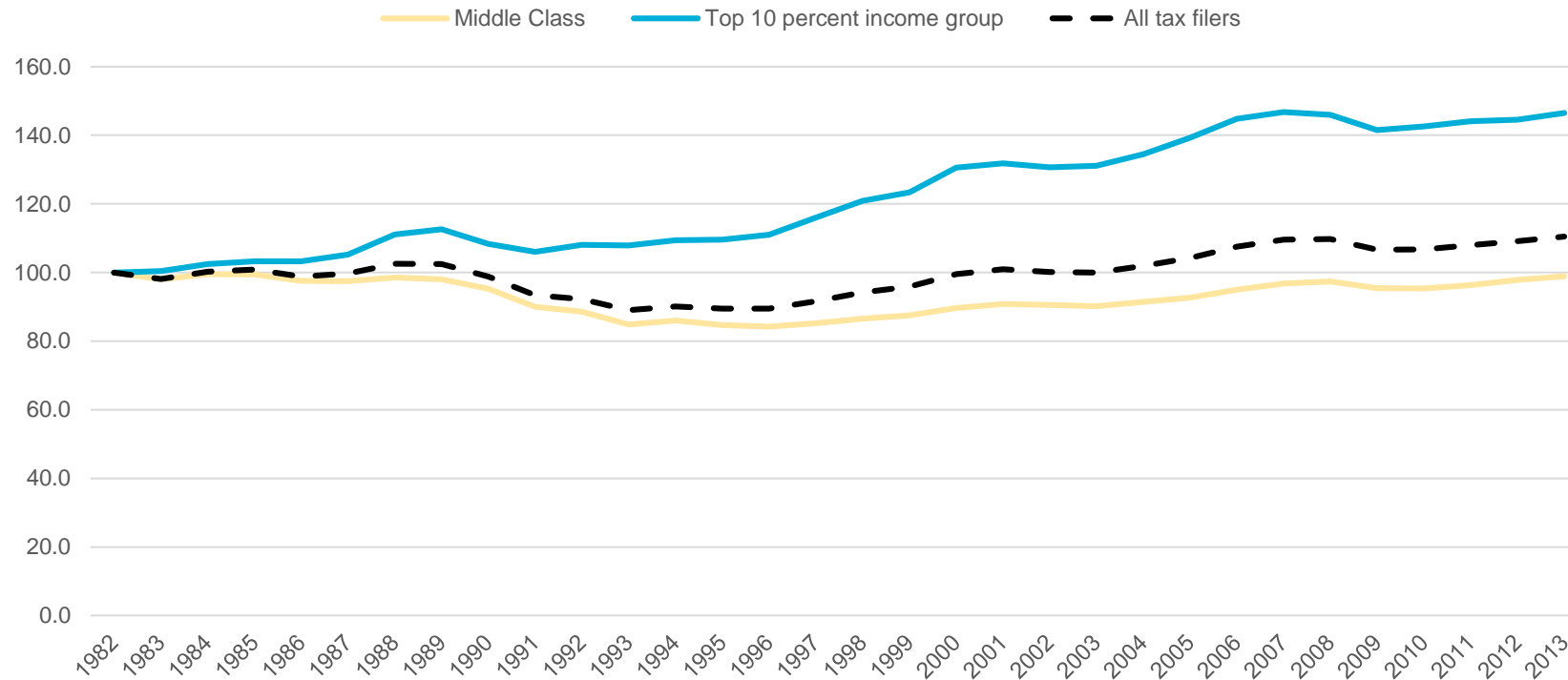


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# Modest Middle Class Income Growth over Last Two Decades

index of average incomes of the 50<sup>th</sup> to 90<sup>th</sup> percentile, top ten per cent and all tax filers, 1982-13



Source: CBoC, Statistics Canada.

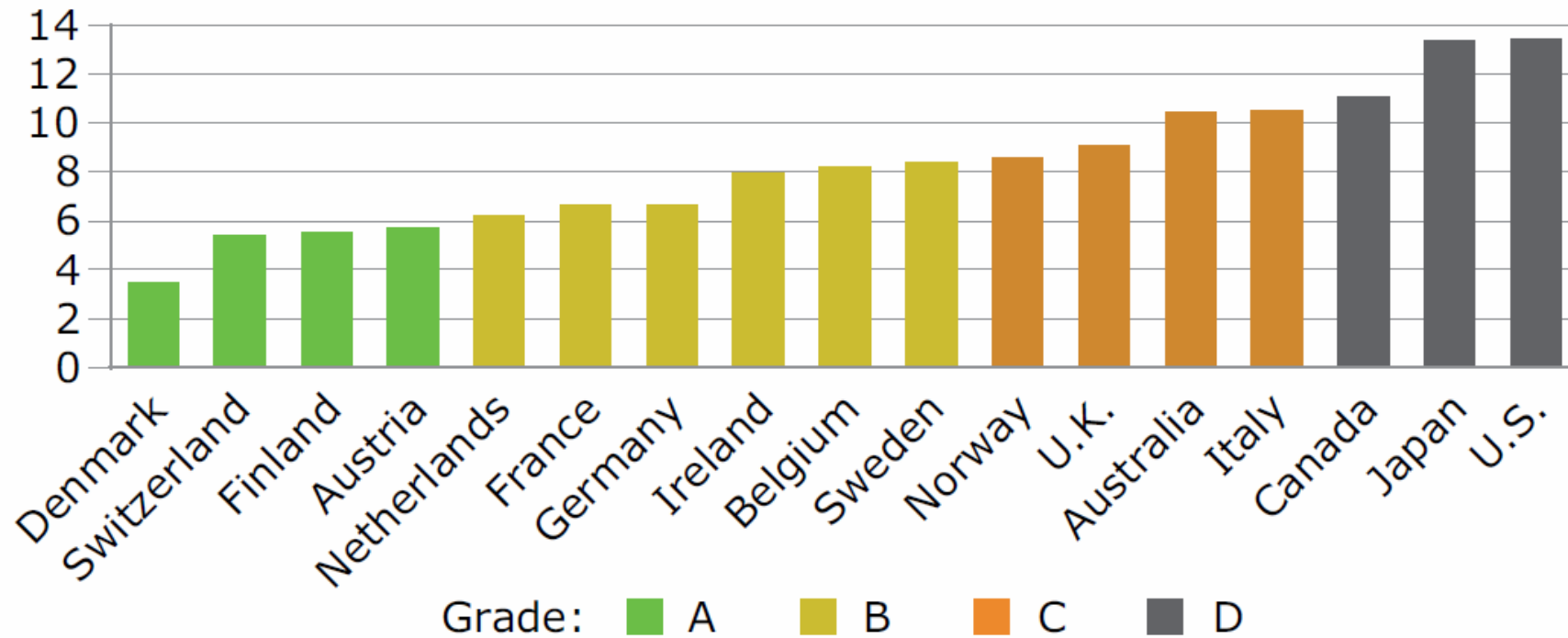


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# Working-Age Poverty Rate, mid-2000s

(per cent)



Source: OECD, Conference Board of Canada.



# How to Address Rising Income Inequality?

- Redistribute more income through higher taxes on wealthy.
- Problem is greater taxation on the top 1% or 10% won't solve the problem. They are simply too few in number.
- So, need higher taxes on middle income individuals. Less politically appealing and they have had weak income growth
- A more impactful, approach is to remove barriers to opportunity.
- Help improve labour outcomes for low and middle income workers
- ECE can do this. It can help raise future income prospects of disadvantaged kids and can lift labour participation of women



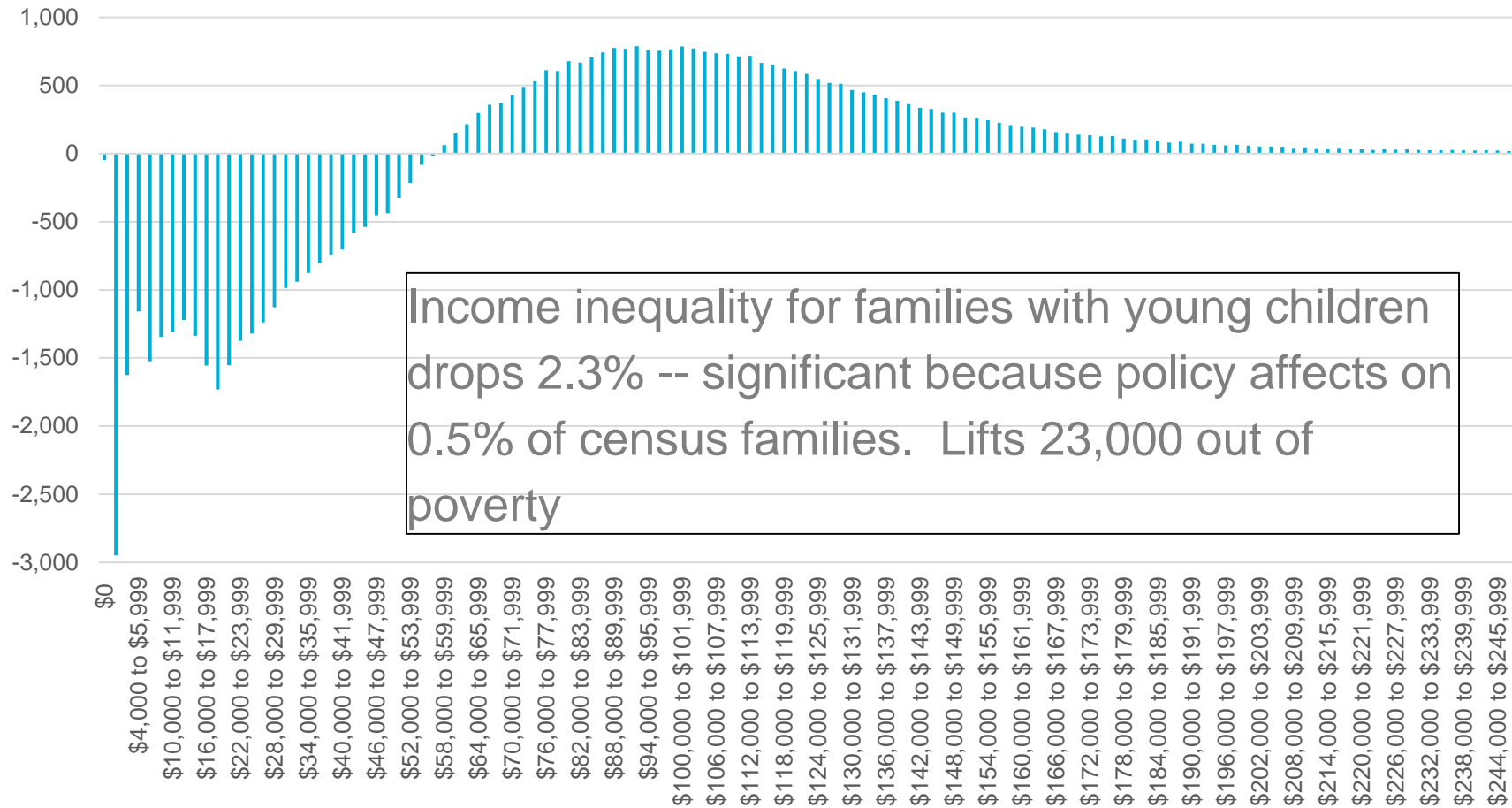


# ECE Can Reduce Inequality

- In 2015, 43 per cent of families where the mother was not employed had income below \$36,000 compared to 12 per cent of families where the mother is working.
- What happens to income inequality when 76,500 women nationally enter the labour force thanks to expanded ECE provision?
- We estimate that there is a significant number of families lifted out of low income brackets.



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



Source: The Conference Board of Canada.



# NPV Benefit to Cost Ratio's

	<b>OECD Average</b>	<b>OECD Optimal</b>
Ratio from 2018 to 2050	3.62	1.67
Ratio from 2018 to 2093	5.83	3.44



# Summary

- Additional investment in ECE will boost maternal labour force participation.
- Providing access to at least more than one year of ECE can improve math scores.
- Our cost benefit analysis aligns with other research: ECE is a good investment, with many gains, including reducing inequality.
- Indeed, boosting female labour market participation lowers the Gini coefficient for families with young children and lifts many families out of poverty.
- Additional investments in ECE are recommended.



## Final Thoughts.

Atlantic Canada is ahead of their provincial peers with full-day kindergarten (FDK) available to all children aged 5. However, when it comes to access for children younger than age five, Atlantic Canada needs additional investments to catch up with other provinces.

All provinces in the region should be examining ways to ensure that children have ECE access starting at least at age four and ideally at age three.

Despite fiscal constraints, policy-makers should consider prioritizing initiatives—like ECE—that address many economic and social issues.





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