

How should early learning and child care in Canada be funded?

As the Organization of Economic Cooperation and Development (OECD) has observed: "Significant public funding is necessary to support sustainable and equitable early childhood education. Without this, a shortage of good quality programmes, unequal access and segregation of children according to income follows. When the main burden of costs falls on parents, children from disadvantaged backgrounds become less represented in Early Childhood Education and Care provision or the quality of provision is inadequate".

How much public funding is required?

The internationally-recognized benchmark for "significant enough" public funding is 1% of GDP (for children aged 0-5 years in child care and/or kindergarten). This benchmark, developed for a 1995 European Commission report, is widely used as the minimum international standard for wealthy nations such as Canada. While some countries exceed or meet this benchmark, Canada falls far below it.

The OECD has observed that accessible, affordable, high quality childcare is not possible without substantial public funding: "Only the regular funding that state investment brings is able to guarantee access and quality on a fairly equitable basis for all groups".

What public funding model is best?

How public funds are directed to early learning and child care services is of key importance. There are three possible approaches: fund the parent, fund the program, fund the system. Which is best?

Generally, those who favour less public funding, or more privatized child care, prefer individual funding mechanisms (fund the parent). Those who support increased public funding and more universal access to affordable early learning and child care favour operational or base funding (fund the program, fund the system).

In a "fund the parent" approach, public funds are paid to parents through a fee subsidy (either paid directly to the parent or to the child care operators on behalf of the parent), or through a direct cash transfer (such as the Harper Conservatives' Universal Child Care Benefit), or a tax credit of some kind.

In "fund the program" models, the government directs public funds to a child care program to cover all or part of the program's operating costs. This does not necessarily mean "free" child care for parents because they could still be required to contribute through a flat rate or geared-to-income parent fee.

Canadian "fund the program" examples include the Quebec child care program, which directly supports most operational costs of non-profit and some for-profit programs based on a formula. The BC, Alberta, Manitoba, and Prince Edward Island "fund the program" models are supplemented by fee subsidies to

help low-income parents cover parent fees which are still quite high because direct public funding of programs is not high enough to cover the full operating costs.

In "fund the system" models, the government directs public funds to a public authority (for example a local government or education authority) made responsible for planning and funding the provision of the service. In Canada, kindergarten is funded and organized in this way. Parents may pay no fees (as in Canadian kindergarten) or pay fees, as they do in Swedish child care, which is run as a local system.

Early learning and child care: a market commodity or a public service?

These three funding models are linked to whether early learning and child care is regarded as a market commodity--which individual parents purchase on a privately organized child care market, or whether it is regarded as a public good.

Canada funds one part of early learning and child care as a public good (kindergarten) while treating early learning and child care for younger children as a market commodity. Contrasting these two approaches demonstrates all the benefits and advantages of the first approach, and the disadvantages of the second. Kindergarten is affordable, high quality, inclusive of children with disabilities, and all families regardless of family/household income, place of residence have access should they want it.