

The
Childcare
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Unit

**DAYCARE FOR PROFIT:
WHERE DOES THE MONEY GO?**

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INTRODUCTION

In the past five or ten years, development of childcare policy has become much more complicated in Canada. As the need for a variety of kinds of childcare services has expanded, and governments have responded with increased budgets, new legislation and regulations, and, more rarely, new policy, more and better information has become available to both advocates and policy makers. The body of material available from empirical research, surveys documenting needs, demographi analyses, and evaluation of programs has burgeoned. Discussion among policy makers, social policy experts and advocates has become more sophisticated in response.

Ten years ago, there was little or no specific discussion about the details of childcare policy. Rather, there were calls for "more daycare spaces" from advocates and ad hoc responses from government. We had not yet seriously considered the relationship between childcare worker's wages and parent's fees, and the issue of program quality and how that is related to staff training, working conditions and funding had not yet clearly emerged.

Within the past five or so years, as the demand for childcare has continued to grow and even accelerate, childcare advocacy groups and social policy experts have begun to formulate proposals for the kind of childcare system we believe Canada will develop in future years. Several assumptions have been held in common by these proposals:

- 1) that substantial public funding will be required;
- 2) that a comprehensive childcare system is the best way to meet parents' and children's needs and to spend public dollars, and,
- 3) that in order

to meet the developmental needs of children, childcare must be of the highest possible quality. These assumptions have led to a series of policy proposals which outline in considerable detail the elements of a childcare system which should be developed in Canada (Canadian Day Care Advocacy Association, 1985; Cooke, K. et al, 1986, Action Day Care, 1982). Inevitably, part of this policy discussion has focussed on the role of for-profit childcare services in a Canadian childcare system; should they be encouraged, should they receive public funding, and should they exist at all as part of the childcare system?

This brief argues that for-profit services should not have a future role in a Canadian childcare system which offers a range of services and that it is inappropriate and not in the public interest to use public dollars to support them. The brief first outlines the current context for this discussion, defines for-profit and non-profit services noting the range of possibilities, presents data to support the arguments made, and proposes ways in which the commercial childcare sector could be reduced in relation to non-profit services.

CONTEXT: WORKING MOTHERS, CHILDCARE NEEDS AND POLICY DEVELOPMENT

In the 1980s, our discussion of childcare in Canada is motivated by a variety of factors. The primary factor which serves as the impetus for an urgent reconsideration of the ways in which childcare is provided and funded in Canada is the large-scale entrance of mothers of young children into the paid labour force; in 1986, there are more female wage-earners whose children are 6 and under than mothers of children 6 and under who stay at home full-time (Cooke et al, 1986). Many of these workers are sole support parents whose alternative to labour force participation is reliance on public assistance for support. Other

female workers are part of low-income two-parent families; they may have an employed partner or may be the sole support in a family where the other partner is unemployed, looking for work, in school, or job training. Still other female workers work by "choice"; that is, they have made a commitment to job or career and are reluctant to leave the labour force. Some of these wage earners are in the labour force full-time and some, fewer, part-time. All of these women and their partners have several things in common: 1) there is no reason to suspect that they are less adequate and loving parents than mothers or fathers who stay at home full-time, 2) they all make a contribution to Canada's economy through the taxes on the income they derive through working and their work effort, and, 3) they all may be presumed to need access to adequate childcare.

In addition to the ever-increasing need for childcare for the children of working parents, needs for other kinds of childcare services are now recognized as necessary components of a Canadian comprehensive childcare system. Preschool programs, especially when families are not English or French speaking or have special needs, are important socially and educationally for all young children; in most European countries, these kinds of programs are commonplace and are provided to all children rather than as an exception (Kamerman, 1981). Parent/child programs available on a neighbourhood basis are welcomed by people who care for young children at home and may be isolated from friends and family by changing residential, employment and social patterns. At the present time, none of these kinds of childcare services are available and accessible in a coordinated way to the people who need them across Canada.

Consideration of comprehensive childcare policy on a national basis

is a relatively new concept in this country. Until the past few years, there were only isolated, ad hoc attempts to address childcare problems at the federal level of government. In 1942, an Order-in-Council authorized federal-provincial cost-sharing to fund wartime day nurseries in response to the national emergency of World War II; this funding was withdrawn by the federal government after the war. In 1966, the inclusion of daycare costs in the terms of the Canada Assistance Plan reintroduced a federal role through the funding of daycare costs for needy families. Recommendations from the Royal Commission on the Status of Women in 1970 called for a National Day Care Act rather than targeted welfare funding provided by CAP; the response from the federal government was silence. Through the 1970s and early 1980s, advocacy and policy development regarding childcare were almost entirely local and provincial.

In 1982, the Second Canadian Conference on Day Care acted as an impetus for a recognition that childcare policy in Canada must ultimately be addressed at the federal level of government. The conference served both to unify and to divide the daycare community, unifying, on one hand, people who supported public funding for a universally accessible childcare system which is non-profit, and dividing that group from people who promote a role for profit-making childcare operations in a free-market model.

There have been two concrete outcomes of the 1982 daycare conference: first, the conference called for the formation of a broad-based daycare advocacy organization, and that has occurred. Reflecting the sense and resolutions of the conference, the advocacy group has adopted a position of supporting a non-profit childcare system (Canadian Council on Social Development, 1983; Canadian Day Care Advocacy Associat

1985). Second, the conference proposed the establishment of a national level task force on daycare. Two have been established, the Task Force on Child Care established by the Liberal government in 1984 which has supported the development of funding for a universally accessible non-profit childcare system and the current Special Committee on Child Care established by the Conservative government in 1985 (Cooke et al, 1986).

In part, the increased emphasis on childcare at the national level is related to its broadened acceptance as an employment-related issue for women. In the past few years, government spokespeople at all levels have agreed that without adequate access to childcare, women's employment and career prospects are limited (Welch, 1984). Concern for childcare in relation to women was articulated by all three political parties in the 1984 federal election and the report of the Commission on Equality in Employment included access to childcare of adequate quality as a crucial part of the concept of employment equity (Abella, 1984). This clear identification of childcare as a women's employment issue has encouraged the commitment of labour and women's groups to childcare advocacy in a new way. As these groups have engaged in discussion of childcare and have adopted policies and proposals for change, the proposals have become increasingly detailed. What are the components of a childcare system? Under whose jurisdiction should childcare fall? How should childcare be funded? And, inevitably, who should run childcare services and what are the best uses of public dollars?

It is within this context that this discussion of the auspices of childcare services falls:

1. More and more mothers of young children are entering the paid labour force and seeking alternative childcare,

2. There is evidence that good quality childcare can be supportive or beneficial for children and families,
3. The past five years have seen a growing broad-based demand for a national childcare policy which includes a more substantial role for the federal government than funding welfare programs and collecting tax dollars,
4. The past five years have seen, as well, detailed policy proposals from a wide range of groups .

At the same time, there is a growing recognition that making childcare accessible to Canadian families will require a substantial commitment of public dollars, raising questions about the most effective ways in which to spend public funds.

DEFINITIONS: FOR-PROFIT, NON-PROFIT AND GREY AREAS

In order to conceptualize the question of childcare auspices, the first problem which needs to be solved is one of terminology; what is non-profit and what is for-profit? Strictly speaking, the definition is a legal one. A non-profit childcare program is one which is incorporated provincially as a non-profit organization or is part of a larger entity which is legally non-profit. Incorporated non-profit programs are required to have boards of directors but the composition of the board is usually not specified under general provincial incorporation legislation. In some cases, provincial legislation which regulates childcare programs may further fix conditions which childcare programs must meet organizationally; for example, in New Brunswick "every non-profit day care centre shall...have a Board of Directors consisting of at least seven members, elected at an annual public meeting, of which no less than 25% of the members shall be parents of children enrolled in the day care centre" (Department of Social Services New Brunswick, 1984). In Ontario, the Day Nurseries Act specifically

allows municipalities, by definition non-profit because they are government, to operate day nurseries programs (Day Nurseries Act, Ontario, 1984).

There are several kinds of childcare programs which are usually categorized as non-profit. In addition to incorporated non-profit organizations, municipally operated programs and programs which are part of largely legally incorporated non-profit entities like colleges, settlement houses, boards of education or the YMCA are presumed to operate in a non-profit manner. They are not required to have their own boards of directors but are accountable to the larger organization.

The range of for-profit childcare programs in Canada runs from the operation of public corporations with share capital like the American Kindercare (of which Min'skool is the Canadian subsidiary), to owner-operated single-operation ventures where the owner may either work in the program or not. In between are small chains which operate in a number of provinces; in Ontario, for example, a small business owner may own day nurseries around the province or may own several centres in one municipality or area. The owner may be involved in some aspect of the programs personally or may own them solely as business ventures, perhaps living in another province.

Family daycare homes, as well, may fall within the category of for-profit childcare programs in two ways. In a province which uses an agency-umbrella model for regulating family daycare homes like Ontario private home daycare agencies are encompassed in the Day Nurseries Act and may be either non-profit or for-profit as are daycare centres. In provinces which regulate family daycare homes by licensing them directly, the homes may technically be defined as small businesses.

Grey areas

In any discussion of childcare for-profit and not-for-profit, a frequent point of confusion is the "grey area". What about single owner-operated childcare centres which "don't make a profit"? What about programs which are legally incorporated as non-profit organizations, having a board of directors made up of the owner, his wife, and her mother? Are those more accountable than programs which are overtly for-profit? What about programs which run within the context of larger non-profit organizations which charge parent fees higher than the cost of providing the childcare, i.e., "making a profit" on the childcare and funding other expenses of the larger organization with money derived from childcare? What about individually licensed family daycare homes which are technically small business operations; are they in the same category as childcare centres which operate as part of large chain businesses?

The legal and practical status of childcare auspices across Canada are as varied and murky as many other aspects of the provision of childcare in this country. For the purposes of this brief, the legal definition of for-profit and non-profit will be used, recognizing that the imprecision of the terminology suggests that it is necessary to examine and clarify the legal and practical aspects of childcare program auspices.

Non-profit

1. Incorporated non-profit
2. Part of a larger incorporated non-profit organization
3. Directly operated by government

For-profit

1. Public corporation with share capital
2. Unincorporated mini-chain
3. Single-operation owner-operat

FOR-PROFIT CHILDCARE: WHAT ARE THE QUESTIONS?

Several important questions arise when we consider the role of for-profit childcare in the context of the long-term prospects for a Canadian childcare system: 1) Is the quality of care in the for-profit childcare sector as high as it is in the non-profit sector? Or are disincentives to providing the best quality care possible inherent in for-profit services? 2) Are public dollars for childcare best spent on for-profit services? What do we get for the extra money spent on profits? Where does the money go? 3) What kind of childcare system do we want in this country? Do for-profit childcare services have a role to play?

QUALITY OF CARE: WHAT DIFFERENCE DOES IT MAKE?

Earlier, this brief cited the body of psychological research which concludes that early attendance in high quality daycare does not seem to have any adverse effects (Belsky and Steinberg, 1978). However, when one examines the arguments which are presented in North America against the care of young children by caregivers other than their parents, one inevitably runs into concerns about the quality of care which is delivered by some childcare arrangements. Opponents of alternative childcare for young children, especially group daycare, argue that much of the research which has been carried out has been carried out in atypically high quality settings and that, therefore, the findings that group daycare does not appear to have negative effects are invalid. Frequently, the picture which is presented of "bad daycare" is institutional, impersonal care by poorly trained, overworked, poorly paid childcare staff who don't remain at one job for long; often, of explicitly for-profit care, as in Maynard's description of Kinder-Care

operations:

"Salaries at Kinder-Care satellites are almost universally lower than those paid at not-for-profit centres. They (salaries) represent 40% of total operating costs, as compared with 80-85% in non-profit centres...

An almost inevitable result of depressed salaries is depressed workers and high staff turnover. Since "specially trained" caregivers are not usually available for the cost of a short-order cook, Kinder-Care takes what it can get....

Critics claim that existing legal (daycare) standards are ignored. During the Mississauga strike, one worker reported that two staff members were assigned to twenty-five preschoolers. "It's hard to supply quality care", she observed, "when you spend all your time trying to keep the kids from killing each other" (Maynard, 1985, p. 70).

At the same time, child development experts have increasingly emphasized the need for "good" or "high quality" childcare (Belsky, 1982). Statements about the efficacy of daycare for young children usually include provisos that all alternative childcare must be of high quality (Rutter, 1982; Vandell and Powers, 1984). Until the past few years, research on childcare generally considered "children in daycare" and "children at home" and were usually not specific about the conditions of either childcare or home. Today, however, research on the conditions and effects of childcare have become much more refined and separates program and family effects (Howes and Olenick, 1986).

As well, we know more today about what high quality childcare is, how particular variables relate to child development, and what the indicators of good childcare are. A number of factors are generally agreed upon as important:

1. Caregiver/child composition (group size and staff/child ratio)
2. Caregiver consistency

3. Training related specifically to early childhood education
4. Parent involvement or parent/provider relationship
5. Physical environment
6. Regulatory status (in family daycare homes).

Research on these factors and their relationship to child development is summarized in two recent Canadian reviews (Lero and Kyle, 1985; Morrison, 1986).

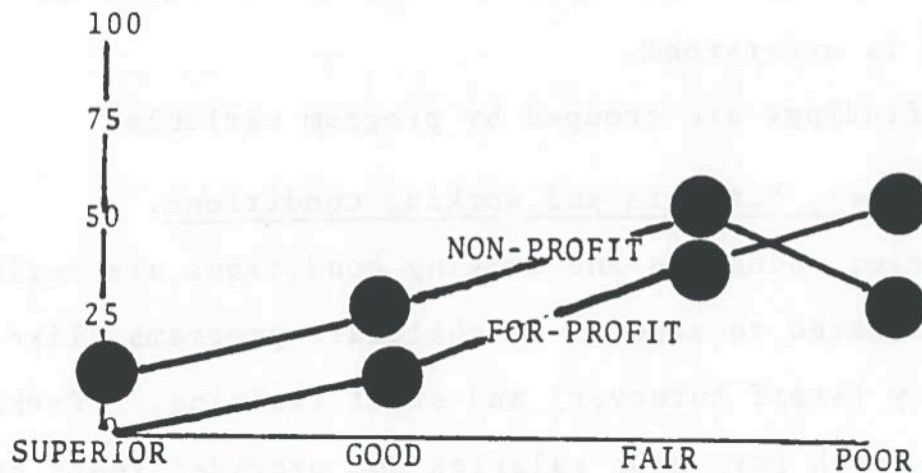
In addition to using indicators of quality childcare, another way to examine the effects which the quality of childcare programs have on child development is to use instruments which look at specific program aspects of childcare programs through observations. These kinds of instruments are used to establish specific indices of program quality. In the past few years, several good measurement techniques have been developed and used in research like the Early Childhood Environment Rating Scale developed at the University of North Carolina by Harms and Clifford and an observational tool developed at the Bush Centre for Child Development at Yale (Harms and Clifford, 1980; Kagan, Personal communication, 1986).

All of this work on the quality of childcare programs gives us much more specific ideas than we had ten years ago about what kind of childcare is good for children. The specific question regarding childcare quality with which this brief is concerned is: What is known about the relationship of program auspices, that is, for-profit or non-profit status, to the quality of childcare programs?

A CONTINUUM OF PROGRAM QUALITY: A SKEWED DISTRIBUTION

One of the first studies which commented substantially on the quality of childcare programs was conducted in the early 1970s in the United States by the National Council of Jewish Women. Published in 1972 as Windows on Day Care, the survey of childcare needs and services in 77 American cities used volunteer members of the council to interview mothers of young children and to observe in thousands of family daycare homes and group daycare centres (Keyserling, 1972). Without doubt, the observational methods were not methodologically sound by today's standards. However, although today's methods for making observations in childcare programs are much more sophisticated, the conceptualization at which the National Council arrived of the differences between for-profit and non-profit childcare is an important one.

The Council used a four-point rating scale for the centres which were observed: superior, good, fair and poor. They concluded that "neither profit or non-profit centers are doing what they should but non-profit centers are clearly doing the better job for children" (Pierce, 1975, p. 105). About 14% of the non-profit centres were rated "superior", compared to 1% of the for-profits. 25% of the non-profits were in the "good" category, as were 15% of the for-profits; 50% of the non-profits were "fair", compared to 35% of the for-profits. And in the "poor" category were about 11% of the non-profits and 50% of the for-profits. The distribution of childcare programs across a continuum of quality from "superior" to "poor" was skewed downward substantially by the presence of the for-profits. The following table represents the information in tabular form:



This conceptualization of the relation in quality terms between non-profit and for-profit childcare appears, from all indications, to be as accurate today as in 1972. There may be superior or very good for-profit childcare programs, and there are obviously poor non-profit programs. But, on balance, the anecdotal evidence and empirical research findings indicates that as a sector, the for-profit sector appears to provide poorer quality childcare than the non-profit sector. If one of our goals in the childcare field is to provide the best quality care for the children and families of this country, the for-profit sector is a liability, not an asset.

DIFFERENCES IN QUALITY: FINDINGS FROM RESEARCH

Today, a growing body of research is available which addresses questions about whether differences in indicators of quality and observed program quality are related to the auspices of childcare. Much of this research, like other research related to childcare, has been conducted in the United States. However, it is applicable

to our discussion if the specific context in which the data were collected is understood.

The findings are grouped by program variables.

Staff salaries, benefits and working conditions.

Salaries, benefits and working conditions are believed to be directly related to aspects of childcare programs like caregiver consistency (staff turnover) and staff training. Perhaps because a program which pays poor salaries and provides fewer benefits cannot compete with programs which offer better conditions, a poor program's ability to attract and retain good staff may be hampered (Whitebrook, 1982).

A major Canadian study found substantial differences in salaries and benefits between for-profit, non-profit and municipal childcare centre staff (many of whom were unionized) in a survey of programs across the country. Staff in commercial programs earned 30% less than staff in non-profit centres and 50% less than staff in publically-operated programs. Staff in for-profit programs had less vacation time, and received fewer benefits in every category than staff in non-profit centres (Schom-Moffat, 1985). Ontario research conducted by the Hamilton branch of the Association for Early Childhood Education corroborates this research. Hamilton early childhood staff surveyed in for-profit programs were paid poorer salaries, provided with fewer benefits and fewer professional opportunities than their counterparts in non-profit programs (Preliminary data, personal communication, Leslie Russell, Hamilton AECEO, 1986).

American research supports the Canadian findings. Coelen et al found that for-profit centres consistently spent 10% less of their budgets on wages; federal funding was not a decisive factor in this difference (Coelen et al, 1978). Whitebrook found in a San Francisco study that staff in for-profit centres reported more on-the-job tension and received fewer benefits (Whitebrook et al, 1982).

Staff turnover

Staff turnover is an indicator which bears directly on program quality. As Fred Morrison has noted in his recent review of research on group daycare and child development, "...there is emerging evidence that inconsistent or unpredictable caregiving produces short-term anxieties and disorientation in children and can lead to progressive fear of separation from parents in the morning and less positive behaviour during the day " (Morrison, 1986, p. 47).

Anecdotally, observers have noted that poorer wages and working conditions in for-profit childcare programs in many parts of Canada have created "revolving doors", with staff leaving frequently (Bagley, 1985). Several pieces of empirical research substantiate these observations. Noting that staff turnover is too high in all kinds of childcare programs, Coelen et al found that it was about 5% higher in for-profit programs (Coelen et al, 1978). Whitebrook has consistently found higher staff turnover in her research on childcare employees in the United States; her findings relate higher turnover to poorer working conditions and factors associated with job-related decision-making and job-structure.

"Turnover rates were highest for staff in private proprietary centers, which are the ones with the poorest ratios, worst reported working conditions, fewest benefits and most stated tension. The high degree of tension in proprietary centers

may well be a response to the high rate of turnover as well as a cause of it" (Whitebrook et al, 1982, p. 222).

Howes' research at UCLA has primarily concentrated on developmental outcomes for children in childcare environments of varying quality. Howes selected childcare centres for high- and low-quality samples, using every licensed centre in a particular geographic area. Using rates of staff turnover as a selection variable, she found that all of the high-turnover centres were for-profit and all of the low-turnover centres were non-profit (Howes and Olenick, 1986; Howes, personal communication, 1986).

The AECEO study in Hamilton, Ontario found higher turnover rates in for-profit centres in their area as well (Russell, personal communication, 1986).

Staff/child ratios

Staff/child ratios are ordinarily set by regulation for childcare programs. However, there are several ways in which staff /child ratios may vary even within the framework of regulation: 1) regulations are minimum standards and usually set only a minimally acceptable baseline rather than guaranteeing high quality, 2) even with reasonable enforcement of regulations, it is difficult to guarantee that all programs are in compliance; with poor or infrequent monitoring, many programs may not comply, 3) regulations are sometimes not very specific about who can be counted as a staffperson in the ratio so that, for example, a cook may be counted as a staffperson in some jurisdictions whereas in others, only staff working with children directly may be included.

As anyone who has practical experience in early childhood programs will attest, it is difficult to provide a good program if an adult is responsible

for too many children. Research gives us some ideas about what these numbers should be (United States Department of Health, Education and Welfare, 1978).

To date, no Canadian data has been collected which addresses the question of differing ratios in for-profit and non-profit childcare. In the United States, in Pennsylvania, Kontos and Fiene found that the for-profit programs in their sample were more likely to have poorer staff/child ratios (Kontos and Fiene, 1986). In the study of childcare staff conducted by Marcy Whitebrook, a ratio of more than 1:10 for 3-5 year-olds was considered "poor". Of the total sample of childcare staff, 35% worked in programs with poor ratios. However, as many as 78% of the staff in the for-profit programs worked in programs which had ratios of 1:11 or more (Whitebrook et al, 1982). Howes' work using low- and high-quality centres showed poorer ratios in the for-profit programs which made up their entire low-quality sample (Howes and Olenick, 1986; Howes, personal communication, 1986).

In research in Los Angeles for a PhD dissertation, Olenick made observations in 100 randomly selected childcare centres. In a state where the regulations for licensing require a ratio of 1:12 for preschoolers, he observed mean ratios of 10.4 in for-profit centres, 8.8 in non-profit centres, and 6.7 in publicly-funded centres (which are subject to an additional set of criteria). Olenick observed a range of staff/child ratios from 1:3 to 1:29, and found that there were children as young as 2 years-old in centres with poor ratios. Olenick notes anecdotally that an effect of very poor staff/child ratios seems to be what he calls "sit down and shutup"

programs; children as young as two or three are required to sit at desks and produce "seat work" in these programs (Olenick, 1986).

Another aspect of childcare staff/child group composition which research has shown to be important in child development is group size. Indeed, it may be more important than staff child ratios per se for preschoolers although some researchers have argued that ~~this~~ finding may be an artifact of research design (Vandell and Powers, 1983). Few studies which comment on the differences between for-profit and non-profit programs have collected data on group size. However, Kontos' and Fiene's work in Pennsylvania found smaller group size to be correlated with non-profit status as well as with better program quality as measured by the Harms and Clifford Early Childhood Environment Rating Scale (Kontos and Fiene, 1986).

Staff training

Another important variable which appears to be an excellent indicator of the quality of early childhood programs is staff training specifically in early childhood education (Ruopp et al, 1978). In different jurisdictions, the definition of adequate or appropriate early childhood education training varies. In Canada, training in early childhood education usually takes place in a community college setting and usually leads to a 2, 3 or 4 year diploma or degree. Several provinces are currently in the process of upgrading their childcare regulations by increasing the required complement of trained staff.

An examination of Ontario-wide data available on the provincial government's Day Nurseries Information System reveals interesting training differences by auspices. Province-wide and in each of the

province's four regions, a larger proportion of for-profit programs were rated "low" and a smaller proportion were rated "high" on staff training. (A program in which less than 50% of the staff were trained was considered "low" and a program in which more than 75% were trained was considered "high"). When all non-profit programs, including municipally operated programs which almost always receive a substantial greater proportion of public funding than other non-profit programs, are considered together, the differences between for-profit and non-profit programs are greater than when three categories are used, for-profit, non-profit and municipal. Although municipal programs are much more likely to be "high" on training than either of the other two, and less likely to be "low" there is an effect all across the province created by for-profit status alone (Friendly, 1985).

In Metropolitan Toronto, Truelove surveyed all the licensed daycare centres by telephone, excluding only those programs which served solely schoolaged children. By self-report, the mean ratio of trained staff to untrained across all programs surveyed was .75; for-profit programs reported a mean of .64, nonprofits a mean of .81, and the Metro-operated centres reported all staff trained in early childhood education (Truelove, 1985).

A survey conducted by the New Brunswick Day Care Association used director and owner report to conclude that for-profit programs hired more trained staff than non-profits, however,

Health

A final piece of data in this category was reported at a 1984 conference (American) on Infectious Diseases in Day Care: Management and Prevention. Pickering, a pediatrician, has conducted several epidemiological studies on the incidence of infectious illnesses in daycare centres. He reports a number of characteristics associated with a high incidence of outbreaks of shigella, rotavirus and giardia lamblia

in childcare centres: large number of children in diapers, poor regulations, poor training in infection control, poor health care practices, poor staff/child ratios, poor regulations, and for-profit status (Reported in Kogon, 1985).

Observed quality

The most interesting and newest area of research on childcare program quality is that employing direct observations of program quality as measured by observational instruments, rather than relying on indicators. An instrument which is used in both the United States and Canada in program evaluation and research is the Early Childhood Environment Rating Scale developed by Harms and Clifford. The Harms and Clifford Scale is a collection of 37 items judged by early childhood experts to be extremely important components of quality care for children. Each item is rated on a 7-point scale and focus on 7 areas, including personal care routines, language and reasoning experiences, creative activities, etc. Two recent studies of childcare program quality conducted in different American jurisdictions used the Harms and Clifford scale and found statistically significant differences between for-profit and non-profit programs.

The Kontos and Fiene study used a sample of 25 centres who were willing to participate. Non-profit status had a high relationship to high quality; the authors comment that "the results of this study indicate that private centers have difficulty providing quality day care and making money" (Kontos and Fiene, 1986, p. 15).

In California, Olenick at UCLA randomly selected 100 Los Angeles centres. Using the Harms and Clifford scale (as well as other measures) he found a mean score of 85.9 for for-profit centres, 101.3 for non-

profits, and 115.6 for publically-funded centres, substantial and significant differences (maximum possible score-154).

Olenick described an "85.9centre" as follows:

"Some developmentally appropriate equipment around on tables - some puzzles, books not necessarily age-appropriate. Some adult-child interaction - not much. Interaction is mostly of the "do/don't" variety. There may be group activities but if an adult reads a book to a group of kids, she/he may not hold the book so that the kids can all see the pictures. Children may not be involved with the activity but the adult goes right ahead with the story. Outside, there is probably a jungle gym, maybe swings, maybe a ball or two. Almost never sand or anything messy. Maybe dolls but not a doll centre - certainly not other dramatic play like a store or restaurant. Not much of a program; it's basically custodial".

Olenick points out that these programs usually but not always met the state of California's minimum regulations but could not be described as providing developmentally enriching, high quality childcare (Olenick, 1986; Olenick, personal communication, 1986).

A major study conducted in Connecticut by Lynn Kagan is in the final stages of data analysis. Dr. Kagan employed an observational measure developed by her at Yale which makes observations at timed intervals. Preliminary findings reveal important differences between observed quality in for-profit and non-profit programs. Kagan's data will be available later this spring (Kagan, personal communication 1986).

What do these research findings mean?

The body of empirical research on childcare programs and their effects is about fifteen years old and, today, as the research is becoming increasingly differentiated, we are beginning to be able to address questions like "what predicts quality in childcare?" As researchers have begun to ask these questions, it is obvious that

one important predictor variable is program auspice. The research to date points in one direction; for-profit status is a main predictor of poorer quality. The array of findings which are available to date cover the whole range of variables which are believed to be related to program quality: staff salaries, benefits, working conditions, staff turnover, staff training, staff/child ratios, group size, health status, and direct observed measures of quality. The data are still limited but it is noteworthy that they corroborate the anecdotal evidence which has been presented over the years and that no data is accumulating which points in the other direction indicating that for-profit childcare is of equal or better quality.

These data suggest that there are good reasons to be concerned about the quality of childcare provided by the for-profit sector. Reaching back to the National Council of Jewish Women's study published in 1972, all indications are that the conceptualization they formed then is still appropriate today: there are likely to be some good for-profit programs and poor non-profit programs. However, across a continuum of program quality, the for-profit sector provides lower quality childcare, and is a liability rather than an asset.

The next important question to ask is: if money derived from public revenues and parent's fees does not go into improving the quality of for-profit childcare programs, where does it go?

WHERE DOES THE MONEY GO?

This brief presents an opinion that spending public dollars on for-profit childcare is a poor use of public money. If, as research on comparative quality leads us to believe, for-profit status is

generally a disincentive to providing good quality childcare, it is hard to see what benefit there is to children, families or the public in allowing public dollars to be skimmed off childcare budgets for profits. If childcare is an expensive service to provide, adding a profit margin to the actual cost of the service makes it even more expensive. If costs are held down in order to compete in a free-market situation, we have every reason to believe that they are held down at the expense of staff wages, benefits, professional development opportunities and staff/child ratios.

Consider an analysis of an Ontario daycare budget:

In Ontario, in an infant daycare program, each staffperson cares for 3 infants. At a staff salary of \$15,000 a year, each infant costs \$5,000 a year in salary dollars.

Add 20% to the \$5,000 per infant to cover rent, food, insurance, benefits, administration, other wages, equipment, supplies, and so

The cost per infant becomes \$6,000 per year. In a non-profit program, that is the total cost, whether it is paid by a parent or fully or partially subsidized.

Now consider a for-profit program. Include a profit margin of 10% (the allowable profit margin on a Metro Toronto Community Services Department budget for determining subsidies). The dollar amount of the profit margin is \$600 per infant.

If all 3 of the infants are fully subsidized, 1800 public dollars are spent annually on the unit of childcare represented by 3 children and 1 staffperson without improving the service or giving the staffperson who earns \$15,000 a year a raise.

A non-profit program, if left with a \$1800 surplus at the end of the year for each staffperson, may spend the money on new equipment, provide professional or training activities, or increase wages. The decision will be made by a group of people who have access to financial and program records and for whom there is no personal gain public accountability is part of the process. In a for-profit program, the decisions about spending money are business decisions and accountabi:

is not part of the process.

There is little information about how for-profit programs spend and make money because most of them are small businesses, not public corporations for which financial information is published. Miniskool, the Canadian subsidiary of Kinder-Care, is one of the few childcare businesses in this country whose financial information is public. An examination of Kinder-Care's financial information reveals an extremely successful and growing enterprise. The company's stock trades today on the New York Stock Exchange at \$21.15, compared to about \$20 a share in 1983, \$2.25 in 1977 and \$.48 in 1972. Undoubtedly, Miniskool is business on a different scale than most of the mini-chains or small businesses in either the United States or Canada but the principles are the same: if the object of providing childcare is to make a profit, an owner must either charge parents high fees or cut costs. If public money is involved, some of it is lost to the service in for-profit childcare.

IS FOR-PROFIT CHILDCARE WHAT WE WANT?

An article in Fortune devoted to the Kinder-Care Learning Corporation raises some important questions. The business magazine says

"The stock market has anointed it (Kinder-Care) a winner. And yet the very briskness and efficiency with which the... company runs its business raise some troubling questions. Is this really the best way for Americans to bring up children? ...Perhaps it doesn't nurture the fullest emotional development of its pupils but as the director of the Danbury (Connecticut) center says, "I don't think these kids are going to grow up to be Boston Stranglers." Almost certainly not-but one wonders what they might have become if the world had provided for them a little differently, a little better" (Fortune, 1983, p. 174).

These kinds of important questions are at the heart of our discussi

If, as both opponents and supporters of childcare all agree, the care and nurturing of children is crucial to their development, it is important that we provide the best childcare we can. In Canada, we don't provide education for older children with an intention to making profits from surplus, neither in the public school systems or in private, independent schools. Health care, as well, follows a non-profit model in Canada; although physicians earn generous wages, there are not secondary owners earning from public revenues and private fees, as there are in the United States.

What does it mean to have a for-profit sector as a component of a nation's childcare delivery system? It is difficult to make comparison among models, because the United States is the only other industrialized country besides Canada which supports a for-profit childcare sector. Other industrialized countries, and some non-industrialized countries, too, provide working families with childcare through non-commercial, more publically funded routes (Kamerman, 1981). If the United States is the only model we have to look at, it should be useful to see what role the for-profit childcare sector has played in that country.

It is often asserted that for-profit childcare owners may act as a lobby group which speaks against the improvement of regulations to childcare. A long political debate raged in the United States during the late 1960s and 1970s over adoption of federal childcare regulations (FIDCR). The role played by for-profit childcare owners and their trade association is well-documented; eventually, they were successful in arguing that "in an age of fiscal austerity, government aid could not

be counted upon to pay for 'absurd' staff/child ratios...the continued availability of daycare depended upon keeping costs down" (Nelson, 1982, p. 293). The FIDCR were not passed after a 10-year debate. In the United States, in some jurisdictions today, the only requirement for any person working in a childcare centre is that the operator must be at least 18 years old. However, the Federal Interagency Day Care Requirements are widely used in the United States and Canada not as requirements but as examples for what good childcare regulations could look like. In the meantime, children and families in the United States have poorer access to good quality childcare than is accessible in almost any other industrialized nation (Kamerman, 1981).

It is interesting to note a parallel discussion in Ontario which occurred at the time that the province was in the process of rewriting its day nurseries legislation in the early 1980s. The Association of Day Care Operators of Ontario (ADCO) actively lobbied the Ministry of Community and Social Services against the enhancement of the day nurseries regulations on cost grounds; the non-profit community was active in supporting the province in their attempts to improve the standards and regulations (ADCO, 1981).

IN CONCLUSION, this brief takes the position that there is no advantage to Canadian children and families to be gained from the inclusion of a for-profit childcare sector. There is growing evidence that the for-profit childcare sector is less likely to provide care which is of equivalent or better quality than the non-profit sector. Second, there is no advantage to Canadian families in straining already scarce public revenues by allowing a portion of dollars which are intended for childcare services to be find their way into the pockets of owners,

especially if, as so many people have recommended, a larger proportion of childcare dollars become publicly supported. Finally, over the long-term, the inclusion of a for-profit childcare sector is likely to act as a disincentive to the development of the high quality childcare system children and families in Canada need. To support the development of a non-profit childcare system in Canada, it is recommended that:

1. new federal funding strategies for childcare services be made available only to non-profit programs,
2. existing federal arrangements under the terms of the Canada Assistance Plan not be extended to include for-profit childcare services,
3. provinces be encouraged to clarify the definition and incorporation status of childcare programs under their jurisdiction in order to qualify for federal cost-sharing,
4. strategies be developed to encourage existing for-profit programs to assume non-profit status including legal and technical advice and funds to convert equity to non-profit groups,
5. funds intended to support parent's childcare choices be used to create a non-profit childcare system rather than used for personal transfer payments in a free-market arrangement.

By supporting the development of a publically funded non-profit childcare system in Canada, the federal government will truly support choices and chances for Canadian women and families, and a good beginning for young children.

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