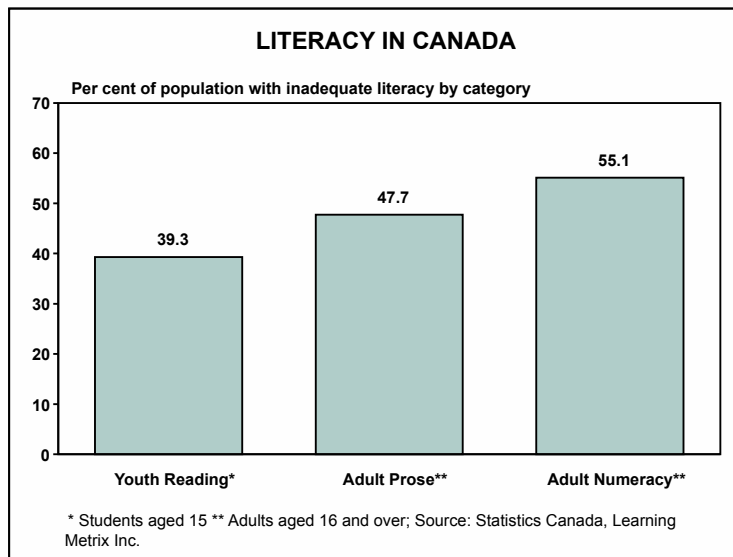




Early Childhood Education

Craig Alexander
SVP & Chief Economist
October 2012

CANADA HAS AN ESSENTIAL SKILLS CHALLENGE



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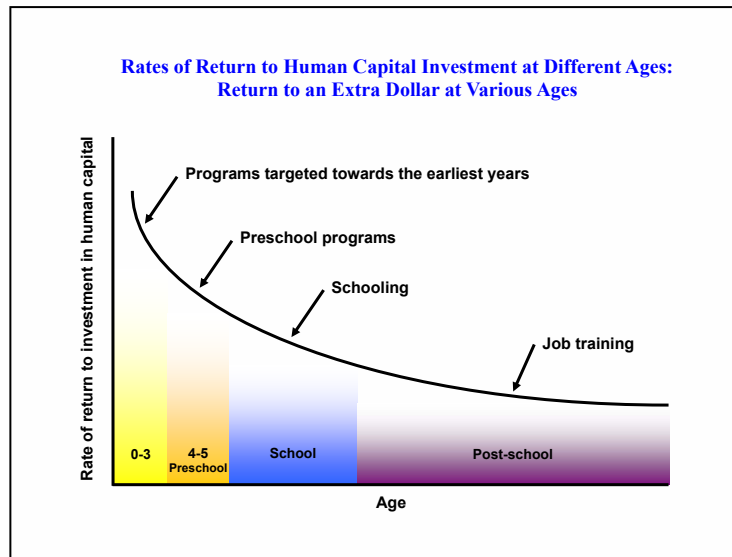
ESSENTIAL SKILLS DEVELOPMENT IS CRITICAL



- Stronger essential skills:
- Increases likelihood of employment
- Decreases odds of unemployment
- Reduces duration of unemployment
- Increases range of occupations
- Lifts lifetime earnings
- Raises standard of living

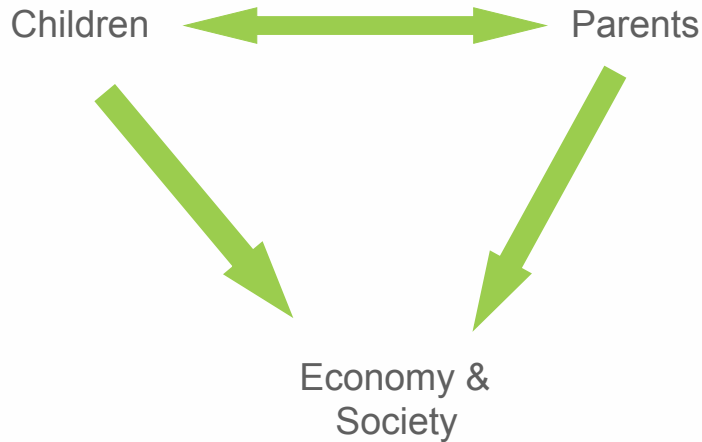
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HIGHEST RETURN ON INVESTMENT IS EDUCATION OF CHILDREN



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THE BENEFITS OF EARLY CHILDHOOD EDUCATION ARE WIDESPREAD



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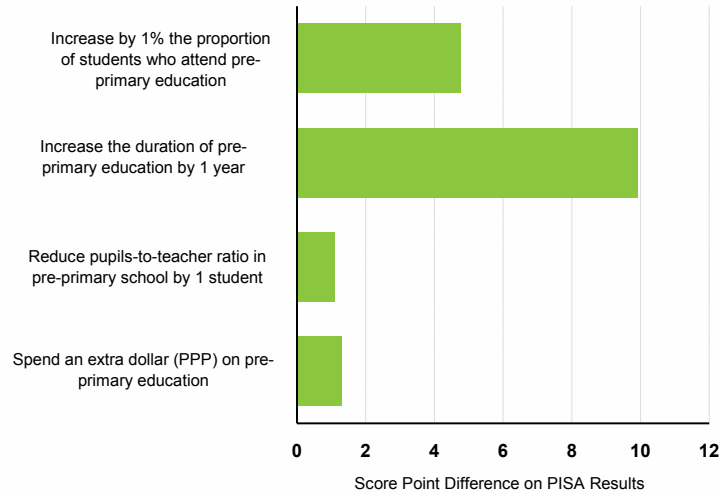
THE FIRST 5 YEARS OF LIFE CAN IMPACT ECONOMIC AND SOCIAL SUCCESS



- Research has challenged prior misconceptions. Human abilities driven more by environment (80%) than genetics (20%)
- Basic abilities can be altered early in life as genes respond to life experiences
- It is more difficult to improve a child's learning abilities later in life

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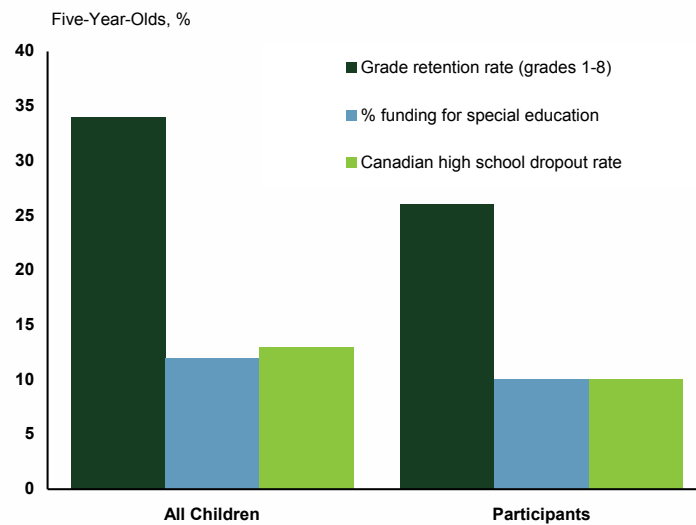
PRE-PRIMARY EDUCATION PROGRAMS IMPROVE COGNITIVE AND LANGUAGE DEVELOPMENT



Source: OECD

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LEADING TO BETTER EDUCATIONAL PERFORMANCES



Source: Child Care Human Resources Sector Council; 2005

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ECONOMIC AND SOCIAL OUTCOMES ALSO IMPROVE



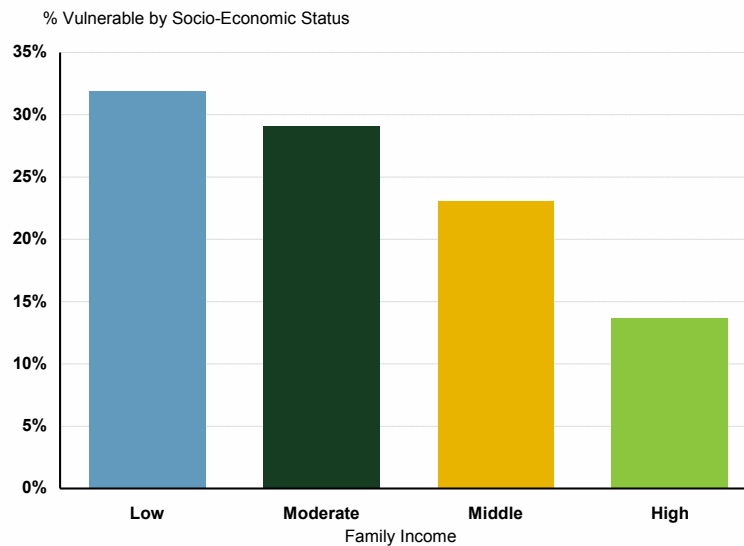
ECONOMIC AND SOCIAL OUTCOMES		
	Participants* (%)	Control Group (%)
Smoked	41.5	50.7
Used hard drugs	22.2	29.3
Used soft drugs	45.3	54.4
Treated for drug/drinking problems	22.2	33.9
Owned a home	36.7	26.6
Owned a car	73.8	60.9
Had life insurance	66.5	53.8

Source: Child Care Human Resources Council

*Participants of the High/Scope Perry Pre-School Program

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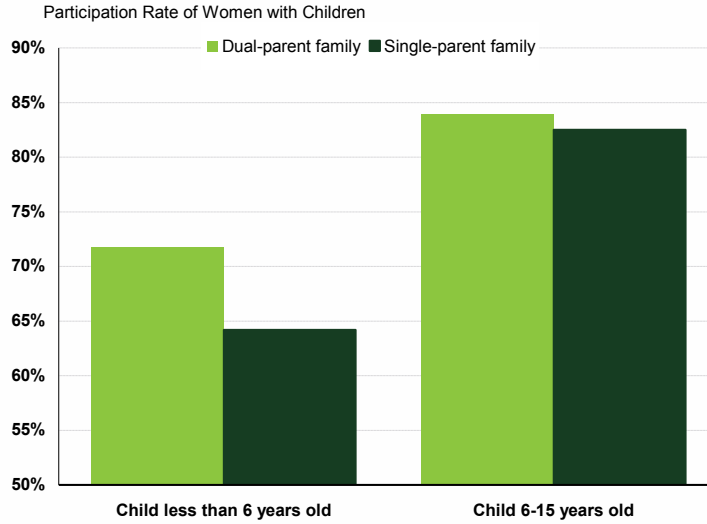
ALL CHILDREN BENEFIT FROM ECE, BUT DISADVANTAGED CHILDREN BENEFIT MORE



Source: Report to the Premier by the Special Advisor on Early Learning, Charles E. Pascal

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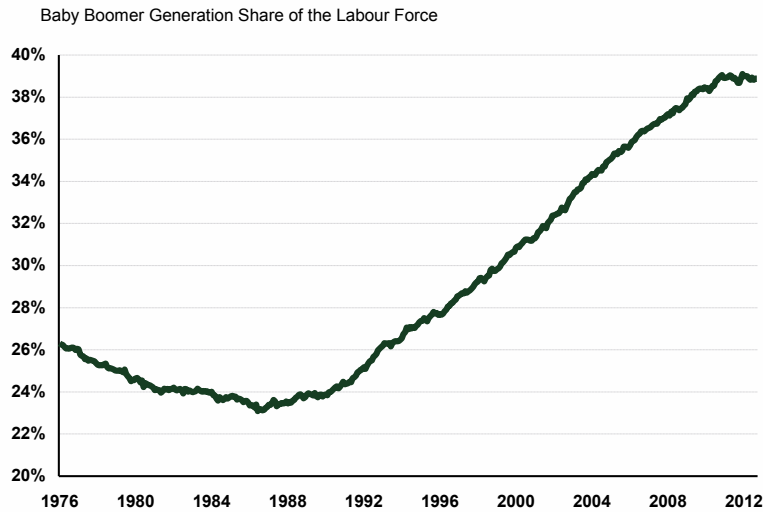
ECE PROGRAMS ALLOW MOTHERS TO WORK, INCREASING FAMILY INCOME



Source: Statistics Canada, 2011

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BUILDING A BETTER WORKFORCE FOR THE FUTURE IS KEY GIVEN CHANGING DEMOGRAPHICS



Source: Statistics Canada; Baby Boomer defined as Ages 45-64.

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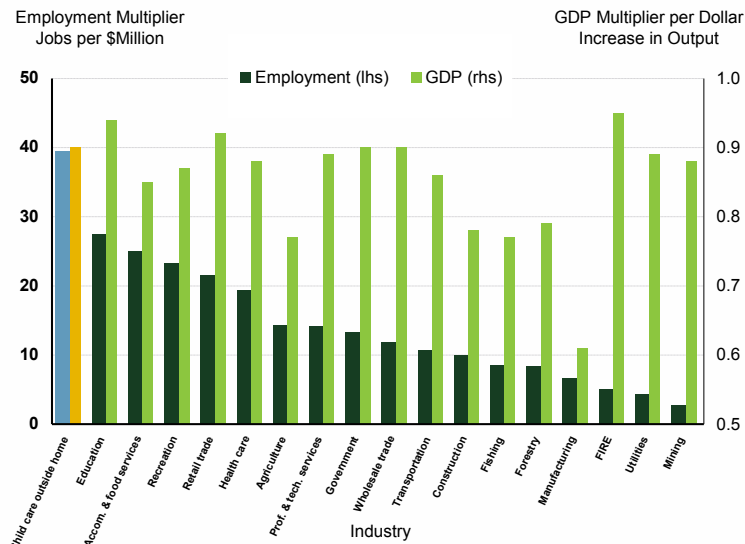
ECONOMY NEEDS MORE SKILLED WORKERS



- Population is aging, labour force growth is slowing
- Labour shortages will be encountered
- Virtually all net job creation will be for PSE graduates
- Life-long learning and skills development will be critical
- Economy must compete on value-added output, which will demand higher skills
- Increasing productivity is essential, and won't be successful without highly educated workers

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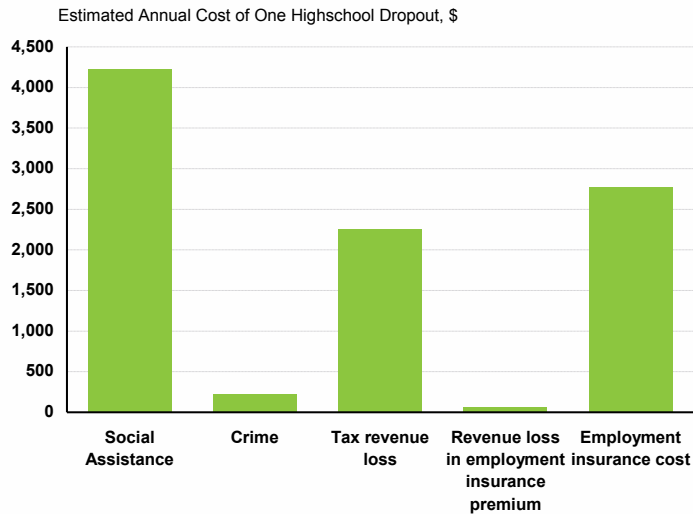
COMPARED TO OTHER INDUSTRIES, ECE PROVIDES A LARGE RETURN TO THE BROADER ECONOMY



Source: Child Care Human Resources Sector Council

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AND CAN RESULT IN LOWER SOCIAL COSTS



Source: Canadian Council on Learning

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MANY STUDIES SHOW THE BENEFITS OUTWEIGH THE COSTS

STUDIES OF COST-BENEFIT ANALYSIS OF ECE PROGRAMS	
Study	Benefit / Cost (\$)
Economic Consequences of Quebec's Educational Child Care Policy, by Fortin, Godbout & St-Cerny, 2011	1.49
Better Beginnings, Better Futures by Peters et al., 2010	2.00
Workforce Shortages Socio-Economic Effects, by Fairholm, 2009	2.42
Child Care as Economic and Social Development, by Prentice, 2007	2.78
The Benefits and Costs of Good Child Care, by Cleveland & Krashinsky, 1998	2.00

Source: Early Years Study

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BUT THERE ARE LIMITATIONS TO THESE FINDINGS



- Costs can run over budget
- Quantifying benefits is difficult
 - Several assumptions made
 - In the long run, things change – many unknowns
- External factors can affect results
- Location and program design/implementation matter

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ALL RESULTS TELL SAME STORY



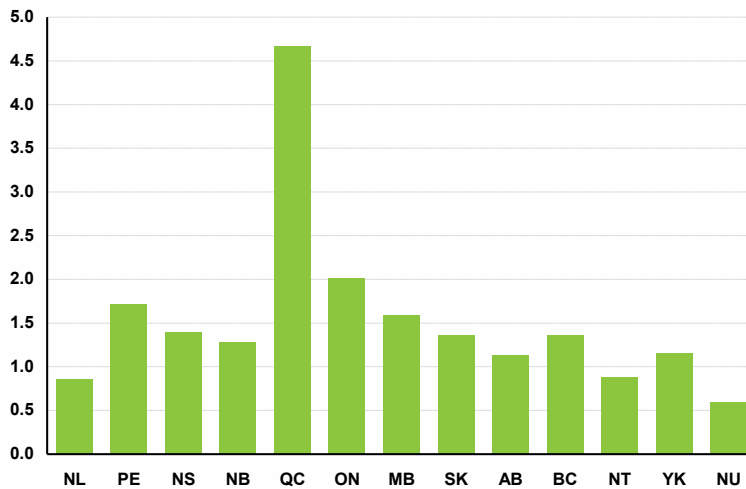
- All studies show that benefits are greater than the costs despite analyzing different programs
- In most parts of Canada, there is a gap between the end of parental leave and formal schooling
- Evidence that accessibility and cost are key issues
- Current system is fragmented
- Suggests increased investment and maximizing impact of the system would be beneficial

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WHILE UNEVEN ACROSS THE COUNTRY, THERE IS PUBLIC FUNDING FOR ECE PROGRAMS



ECE Budget as a % of 2011-12 Provincial & Territorial Budgets



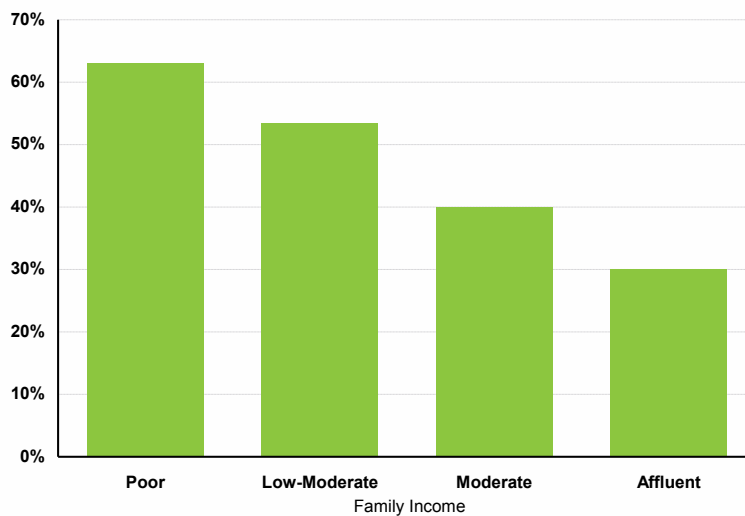
Source: Early Years Study

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DESPITE EFFORTS TO IMPROVE AFFORDABILITY, SOME FAMILIES STILL UNABLE TO PARTICIPATE



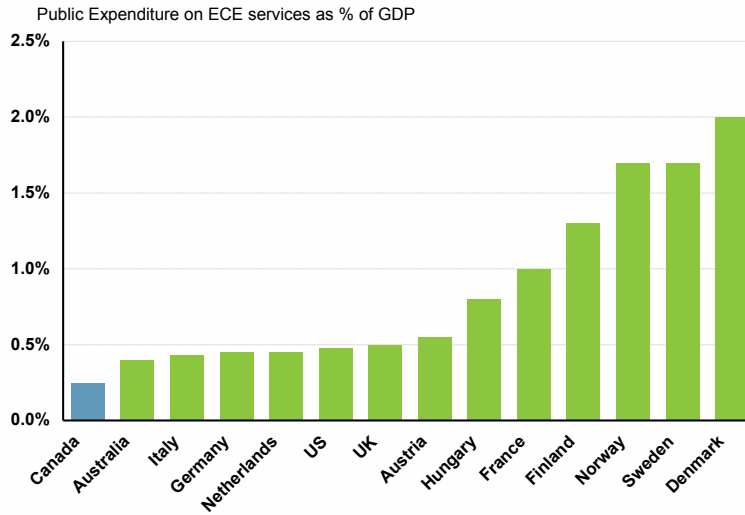
Children Age 0-5 with no out-of-home care



Source: Early Years Study

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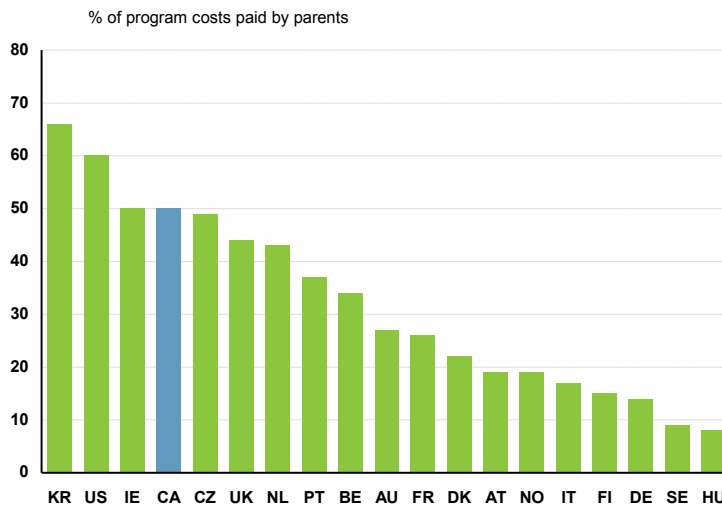
PUBLIC SPENDING IN CANADA HAS FALLEN SHORT OF MANY OF ITS PEERS



Source: OECD

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AND PARENTS COVER MORE OF THE COSTS THAN OTHER COUNTRIES



Source: ChildCare Resource and Research Unit

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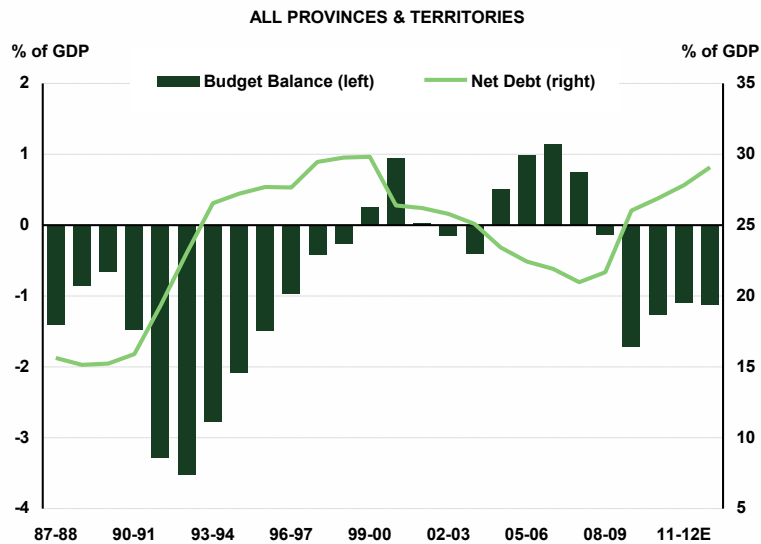
ALL THIS SUGGESTS THAT CANADA IS UNDERINVESTING



- To move more in line with other comparable OECD countries, public investment in early childhood education in Canada would have to rise by \$3-4 billion

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BUT GOVERNMENTS NOT IN POSITION TO BOOST SPENDING



Source: Federal Fiscal Reference Tables

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BOTTOM LINE



- Investment in education is the ultimate tool to address many economic and social challenges
- Once fiscal balance sheets are back in order, policymakers should consider moving early childhood education higher on the priority list

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