OMSSA

A Compelling Case

for

Investing in Children

May 2005

"OMSSA believes that every child in Ontario has a right to high quality childcare and early learning experiences, which provide opportunities for healthy development."

(OMSSA's Challenge for Change: Building a System of Early Learning and Child Care)

Purpose

One of OMSSA's advocacy priorities is *"greater investment in high quality early learning and child care".*

This document highlights a series of facts to demonstrate that *investing in children makes sense for building healthy communities.*

Context

It is estimated that 130,000 babies will be born in Ontario in 2005.[1] These babies will make up a large part of the workforce of 2030. How we choose to support them will determine the quality of their life and the wealth base of Ontario – at a time when the biggest baby cohort in recorded history begins entering retirement in large enough numbers to cause a demographic shift of seismic proportions.

Taking a rear-view look at how far we've travelled as a society may give us our roadmap for the future.

In the 1960s, there were eight working people for every senior – eight people generating wealth for every person who had reached the golden years. [2]

Today that number drops to five working individuals.

By 2030, when the bulk of today's middle-age earners near retirement, we will have three employed people working to support every senior.

The flip side of this remarkable census story is Ontario's steadily declining birth rate. Although the proportion of children under the age of six is currently statistically significant, this trend is not expected to continue. Just consider the fact that a large segment of Ontario's child population comes from new immigrants. According to the 2001 Canadian census, there were 282,255 immigrants ages zero to four and 847, 255 ages five to nineteen in Ontario, mostly from Europe and Asia. It is universally acknowledged that children born in other countries need settlement and language services in order to succeed in their adopted countries.

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[1] Statistics Canada 2001

[2] Getting Results for Ontario Progress Report 2004

From a macro-perspective, almost three quarters of Ontario households with children under age five have both parents working outside the home to make ends meet. Part of the daily commute across Ontario has hundreds of thousands of babies and pre-schoolers being shuttled to and from child care and home. While we can learn from the past and plan for the future, who is nurturing this generation?

According to the experts in the field of human development, juggling the demands of work while raising young children is stressful. If you add the burden of caring for ageing parents or a medically fragile child the toll on lives is enormous. The stress for thousands of Ontario wage earners is evident by soaring rates of absenteeism and staggering losses in productivity for the Canadian economy. Human resource specialists are often brought in to help employers develop strategies for helping employees find a work-life balance that enhances their performance.

Today's Parent Magazine cites recent studies that show employees can be more productive and are less likely to call in sick when their employers are supportive of family commitments.[3] The magazine published a list of Canada's Top 10 Family-Friendly Employers that are working to meet the work-life needs of employees. In a variety of innovative ways, employers are setting new standards with on-site child care, paid family leave days, flexible hours, vacation for unused sick days, and the like.

Simply put, changing demographic and market forces mean that improving the prospects for the next generation of Ontarians – with respect to enhancing their readiness to learn, their overall health and quality of life, and ability to succeed in school – is vital to the public interest. It marries good public policy with sound fiscal management in a way that will yield high-earning dividends.

The "Return On Investment" (ROI) Debate

After spending more than a decade studying the policies required to make Canada one of the richest nations in the world, economist Daniel Trefler, from the Rotman School of Business, weighs in on the ROI debate. He writes that to be competitive we need to invest in people – and the most cost-effective way to do that is to invest in people when they are young.[4]

Professor Trefler has seen a mounting tidal wave of evidence over the last decade that clearly connects the dots between early childhood interventions and a host of productivity-enhancing policies. This would explain, in part, why the children's agenda has dominated much of the public policy discussions at the national, regional and local level.

The way a child's brain develops between the ages of 0 – 6 lays the foundation for life. Research on cognitive and emotional development of children clearly indicates that their capacities in these areas are set by the age of 6. [5]

[3] Today's Parent December/January 2005 issue
[4] Rotman Magazine August 2004 issue
[5] McCain, Mustard

In terms of hard currency, we know that for every dollar spent on children during their first years of life, anywhere from $2 to $17 will be saved on future spending down the road – depending on the group of children and the type of programs and services. But what exactly does this mean for those on the front lines? Judging by the experiences documented in numerous research studies, lots.

Cleveland and Krashinsky have documented a 2:1 benefit-cost ratio. For every dollar spent on good quality child care for all children, approximately two dollars worth of benefits are generated in terms of positive outcomes for children. [6]

Other reputable sources, such as McCain & Mustard and the U.S. National Institute for Child Health & Human Development, found that no matter what the child's situation or background, high quality early learning programs and high quality child care services, together with parental care at home, provide better cognitive and school readiness outcomes than parental care on its own. [7] [8]

Then there is the picture for children who are disadvantaged in some manner. Research evidence indicates yields of up to $17 for every dollar invested in programs for disadvantaged children. [9]

A controlled study out of Carolina involving young children is hard, if not impossible, to ignore. According to the National Institute for Early Education Research, the benefit-cost analysis of the Carolina Abecedarian Early Childhood Intervention study can be measured in dollars and cents: $4 in societal benefits to $1 spent in the program. This scientific study found that:

- improved measures of intelligence and achievement over the long term does lead to higher earnings;
- lower levels of placement in special education classes means elementary and secondary education costs are lower;
- mothers of children receiving early childhood education services have improved employment and earnings;
- the use of social assistance is reduced; and
- the probability of smoking is reduced and health improved. [10]

For those who still need convincing, there is yet another study. Initiated in 1985, a study in Chicago followed more than 1,500 disadvantaged children in high-poverty neighborhoods. Like many municipalities throughout Ontario, Chicago was and still is working to balance competing priorities while dealing with tough economic realities, including a declining tax base, budget deficits, a deteriorating infrastructure, and the growing demand for community health, education and social services.

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[6] Cleveland G., Krashinsky M., "The Benefits and Costs of Good Child Care: The Economic Rationale for Public Investment in Young Children – A Policy Study", University of Toronto, March 1998

[7] McCain, Mustard, "Reversing the Real Brain Drain: Early Years Study Final Report", The Canadian Institute for Advanced Research, April 1999

[8] NICHD Early Child Care Research Network, "The Relation of Child Care to Cognitive and Language Development", *Child Development*, 2000

[9] Schwinhart, "The High/Scope Perry Preschool Study Through Age 40", November 2004

[10] The National Institute For Early Education Research (Masse and Barnet) "Benefit-cost Analysis of the Abecedarian Early Childhood Intervention" 2003

The children who entered Chicago's Child-Parent Resource program at age three experienced greater levels of school readiness by ages five and six; higher school test scores by age 15; less need for school remedial services by age 18; lower rates of juvenile arrest by age 18; lower rates of child abuse and neglect by age 17; and higher rates of high school completion by age 20. The benefit-cost ratio for this intervention was measured to be 7:1. [11]

On a more macro level, the economic contribution of mothers with pre-school children to the Canadian economy is estimated to be $53 billion annually, or 5% of the GDP. The economic loss if all mothers with young children decided to stay at home would be about $83 billion per year. [12]

Conclusion

Knowledge and understanding about the imperative of investing in the early years is increasing. Investments in early childhood programs and services are on the rise. The current wisdom is that investing in social strategies that support children from before birth until they arrive at school is like buying stock in a company with Fortune-500 potential. At the very least, economists have determined that early investments can still be had at a fraction of the cost of playing catch-up by financing child welfare, youth justice and mental health services. The long term savings and benefits to society are incalculable.

Many community leaders understand that investing in early child development programs is in everyone's best social and financial interests. It is our hope that at the end of the day, societies and their governments will view investing in programs and services for young children as smart investments in their future. There is a growing understanding that the most cost-effective way of increasing the earning potential of the members of their community and there by increasing tax revenues, now and in the future, is to, give children the tools they need to succeed in school and in life, give parents an opportunity to spend more hours in the paid labour force and ultimately to create the kind of vibrant and family-oriented community that attracts business and an educated labour force.

Ontario is building a system of early learning and child care that will give our children a better chance at future success. It will take time to get there. According to James Heckman, the 2001 Nobel Prize winner for economics, "we cannot afford to postpone investing in children until they become adults. We can't wait until they reach school – a time when it may be to late to intervene."

The best chance we have of building the future economic prosperity of Ontario is to join forces, pool our collective resources, and invest now in families with young children.

Please see the next page for a series of quick facts ….

[11] Lynch, "Exceptional Returns", *Economic Policy Institute*, 2004
[12] Cleveland, Krashinsky, "Fact and Fantasy: Eight Myths About Early Childhood Education and Care – Summary", Childcare Resource & Research Unit – University of Toronto, 2003

Quick Facts

- Research has shown that the quality of care and stimulation a child receives before age three has long-lasting effects on their development.
- By 36 months, factors that determine language skills have already taken place.
- Children who arrive in grade one ready to learn are more likely to complete high school and become caring, contributing members to communities and to society.
- Three quarters of Ontario families with children under the age of five work outside the home.
- Only 12% of children under the age of six are in regulated child care.
- One in six children lives in poverty.
- One in six children has a mental health issue.
- One in 14 has a development disability.