

New study shows major benefits from investing in child care

A major new study on the economics of early learning and child care provides important additional evidence of the benefits of investing in the sector.

The study, funded by the Child Care Human Resources Sector Council, found that investing in child care provides the greatest economic benefit of all sectors of the Canadian economy:

- **Biggest job creator:** investing \$1 million in childcare would create 40 jobs: at least 43% more jobs than the next highest industry and four times the number of jobs generated by \$1 million in construction spending.
- **Strong economic stimulus:** every dollar invested in childcare increases the economy's output (GDP) by \$2.30. This is one of the highest GDP impacts of all major sectors.

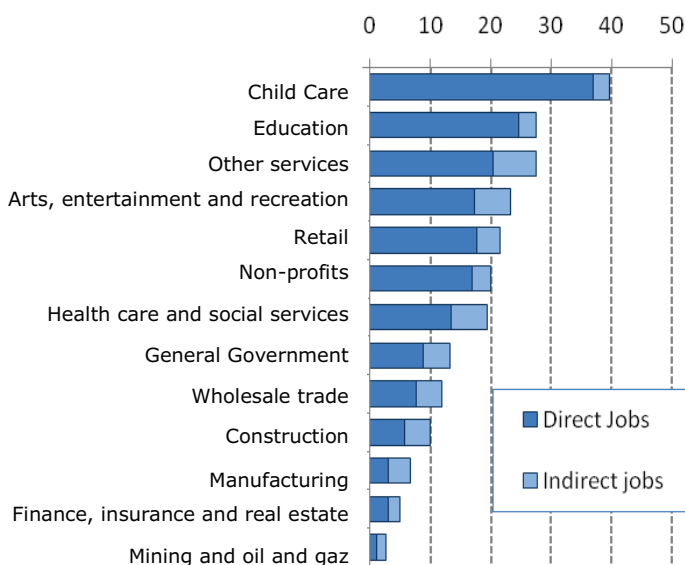
In addition, the study found that child care investments more than pay for themselves in terms of benefits for society, with a \$2.54 payback for every dollar invested in Canada. Each dollar invested would also generate an estimated 90 cents back in revenue for federal and provincial governments. This means that even from a narrow fiscal perspective of governments, investments in child care can virtually pay for themselves. The federal government would gain the most, which adds to the reasons why it should take a leadership role in this area.

Canadian governments have invested considerable amounts in infrastructure and construction industry stimulus during the past year. This study shows that investments in our *social infrastructure*, and especially in child care are critical and provide a much stronger economic boost.

The study, led by well-respected economist Robert Fairholm of the Centre for Spatial Economics (C4SE) and sponsored by the Child Care Human Resources Sector Council, also analyzed a number of other social and economic impacts of child care and estimated the level and impact of workforce shortages of childcare workers. Some of these other findings are:

- Positive child outcomes and benefits are strongly related to the quality of the child care service. However, parents have a difficult time judging quality. This points to the need for well-regulated publicly-delivered child care services.
- Low rates of pay and poor working conditions have led to high turnover among child care providers. This has contributed to immediate workforce shortages of child care workers averaging over 5,000 per year in recent years.

Employment Multipliers
Jobs Created per \$Million Investment



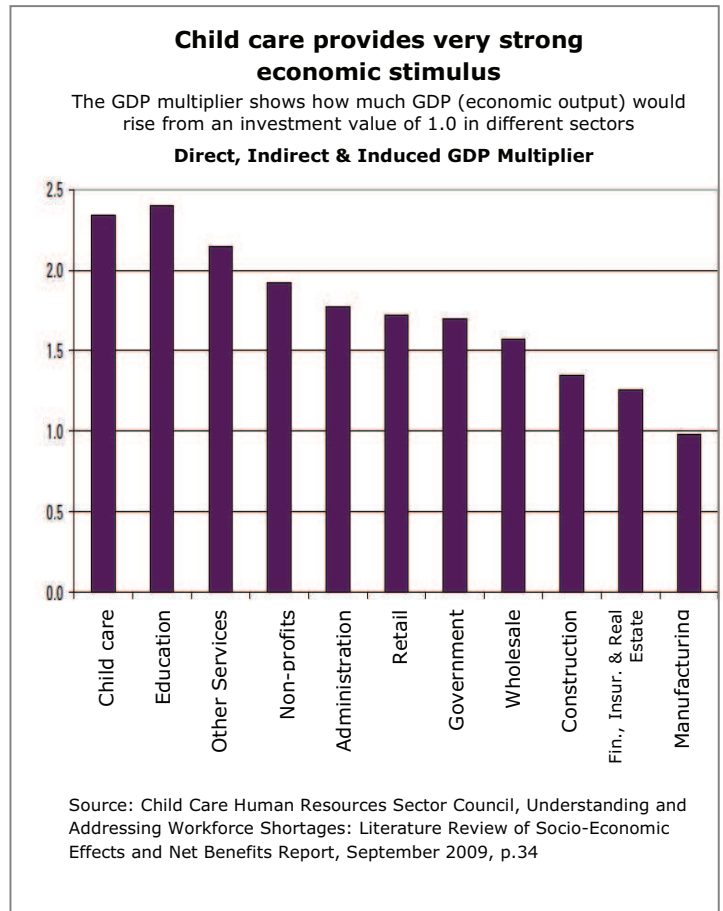
Source: Child Care Human Resources Sector Council, Workforce Shortages Socio-economic Effects Report, p. 31

- The social benefits-and the government revenues-from more child care workers are greater than both the costs of training and current child care subsidy levels.
- The net national economic cost of these immediate shortages is estimated at over \$140 million for the period from 2001 to 2007. The shortage of child care workers also held back parents from entering the workforce. In total, it meant a loss of almost 50,000 person years of employment for child care workers and parents during this period.

The shortage of qualified child care workers will become even more of a pressing issue very soon, both as labour markets tighten and as the new baby boom leads to a big increase in need and demand in the next few years. Putting money into training and hiring people in this field will reduce growing youth unemployment.

We've known for years about the economic and social benefits of investing in high quality early learning and child care programs, as has been shown by a growing body of research over the years. These new studies do a very good job of both reviewing previous research and building on it with new results about the impressively strong economic benefits of investing in early learning and child care in Canada.

Instead of cutting back, federal, provincial and local governments should increase their support for child care to meet existing immediate needs and plan for the future. It's the smartest investment of all.



The detailed studies can be obtained through the Child Care Human Resources Sector Council at: www.ccsc-cssge.ca/english/aboutus/completed.cfm#p5

CUPE works with the Child Care Advocacy Association of Canada and other groups and activists to help create a publicly funded, inclusive, accessible, quality, non-profit child care system in Canada. <http://www.ccaac.ca>

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