child care BRIEFing NOTES

CHILDCARE RESOURCE AND RESEARCH UNIT

What research says about quality in for-profit, non-profit and public child care

Overview

Debates about profit-making in human services include a range of considerations such as access and equity, the idea of the "public good", and democratic participation. A main focus of debates about for-profit early childhood education and care (ECEC) in Canada has been the impact of profit-making on program quality. Quality is a salient consideration in child care; child development research shows conclusively that "quality matters": good quality benefits children while poor quality may be detrimental (Shonkoff and Phillips, 2000). Thus, research from Canada, the United States, New Zealand, the United Kingdom, etc. that shows significant quality differences between for-profit and not-for-profit sectors is of interest. These differences hold whether quality is measured with observational tools such as the Early Childhood Environmental Rating Scale (ECERS) that measure "process quality" or with indicators of quality: staff training, wages, working conditions, professional development, staff morale, turnover, compliance with regulations, ratios and how funds are used.

The research examining multiple variables across jurisdictions shows that public and non-profit child care is significantly more likely to be better quality than for-profit child care. This does not mean that, by definition, all child care programs set up as non-profit are high quality and all those set up as businesses are poor quality, but that auspice (who owns the program)—through its impact on program-related factors such as wages, working conditions, ECE training, staff turnover, staff morale, staff/child ratios and group size—plays a key role in determining whether program quality will be higher or lower. It is noteworthy that virtually all the available research shows that for-profit operation is a key factor linked to poorer quality.

What Canadian research says about auspice and quality issues

Canadian research on quality, like that conducted in other countries, shows that —as a group—for-profit centres consistently obtain lower process (also called "observed" or "global") quality ratings than non-profit and public centres. In addition, auspice predicts quality through its influence on staff wages, ECE training and other key characteristics.

Economists Cleveland and Krashinsky (2004), analyzing a Canada-wide dataset, found that non-profits rated about 10% higher in quality than for-profit centres and that for-profit centres were overrepresented among lower quality centres. They concluded that "the positive impact of non-profit status on quality is persistent, even when a wide range of variables is held constant" (p.13). In a 2007 study, Cleveland, Forer, Hyatt, Japel and Krashinsky analyzed four Canadian datasets, finding "strong patterns of non-profit superiority in producing quality child care services across all the data studied" (p.6).

Cleveland (2008) also analyzed Toronto Operating Criteria data from almost all municipal centres and non-profits/for-profits with subsidy agreements, finding quality in non-profits to be consistently higher than for-profits in infant, toddler and preschool groups while municipal centres were the best quality across all age groups. He noted that "clearly, the differences in input choices [wages, staff training, use of funds, etc.] of non-profit centres contribute to their quality advantage over commercial centres" (p.9). Doherty and Forer's (2002) analysis—also one of the few examining public child care—showed municipal centres to be the highest quality.

Using the *You Bet I Care!* (YBIC) dataset, Doherty, Friendly and Forer (2002) demonstrated that the lower quality ratings in for-profit centres as a group do not simply result from poorer access to financial resources, as Cleveland's 2009 study also found. The ratings, they noted, reflect behaviours such as hiring higher proportions of untrained staff, paying poorer wages, generating higher staff turnover and lower morale, as well as program characteristics such as a poorer ratios. Friesen's (1992) Calgary study made the same observation.

Cleveland and Krashinsky's 2004 analysis found that while non-profit centres do better on every measure, differences were greatest on measures and sub-scales regarding children's personal care, use of materials, activities and teaching interactions linked to language development, teacher interactions with children, staff communication with parents and supporting the staff needs. Non-profits remained higher even when other factors associated with quality such as the jurisdiction, child population, financial resources and higher staff education in non-profits were taken into account.

Two major Québec studies – the Etude longitudinale du développement des enfants du Québec (ELDEQ) and the 2003 Grandir en qualité, which used a Québec-developed four point quality scale, also found for-profit centres to be consistently poorer quality than non-profits (Japel, Trembly and Côté, 2004, 2005; Drouin, Bigras, Fournier and Bernard, 2004). The Grandir en qualité study showed that for-profit child care not only fared worse overall, scoring lower on all sub-scales, but on global evaluation as well. As in Cleveland and Krashinsky's 2004 study, the Drouin et al study found for-profits were vastly over-represented among "unsatisfactory" centres; for-profit infant centres were eight times more likely to be of unsatisfactory quality.

This kind of distribution, in which for-profits are rarely excellent and are skewed to the lower quality end, was described in a Canadian brief almost two decades ago (Friendly, 1986). Friesen (1992), studying Calgary infant-toddler programs, found more than half the for-profit centres—compared to 15.4% of non-profits—providing "poor" quality; 60% of non-profits rated as "good", compared with 15.6 percent of for-profit centres using the Infant-Toddler Environmental Rating Scale (ITERS).

Centres in all four Atlantic Canada provinces were studied by Lyons and Canning (1997), who found significant differences by auspice; non-profit centres had better ECERS ratings in all four provinces in rural and urban communities. They commented that ownership was the "clearest factor" associated with ECERS scores (p.139). In Mill, Bartlett and White's (1995) Montreal study, for-profit centres were "inferior to non-profit centres, both as workplaces for the educators and as optimal environments for child development" (p. 49).

Canadian research has examined other differences between for- and non-profit centres. Kershaw, Forer and Goelman (2004) found auspice a significant predictor of stability. Using British Columbia data, they found that one-third of all centres closed over a four year period, but for-profit centres were disproportionately more likely to close. Non-profit centres were 97 times more likely to continue to operate over the study's four year period than for-profits. There is also evidence that, as a group, for-profit centres are less likely to provide services for children with special needs (D. Lero and S. Irwin, personal communication, 2010).

Research considering quality more broadly

There are, as well, many studies showing substantial quality differentials in other countries with sizeable for-profit child care sectors and—increasingly—studies that examine the broader question of "does the market work for delivering child care?" These studies are too numerous to describe or identify here; for a full bibliography see Childcare Resource and Research Unit (2010).

A logical explanation lies behind these findings. In order to find funds to ensure profits, profit-making operations are more likely to skimp on staffing, supplies, equipment and perhaps even food. Research shows them to be more likely to hire less-well-trained educators, to pay lower wages and benefits and to engender working conditions that lead to higher rates of turnover and lower morale. These program characteristics are, not surprisingly, closely linked to poorer quality for children.

These issues may be exacerbated in the growing "big-box" sector—child care businesses that are publicly traded on the stock exchange such as Australia's ABC Learning Centres (now defunct), the US giant Knowledge Universe, or Canada's TSX-traded Edleun. Several studies have addressed "corporate" child care in relation to non-profit and smaller for-profits and found quality differences between the corporates and other for-profits (Sosinsky, 2007; Rush, 2006).

Research also shows that it is not easy to regulate centres into better quality. For example, a US study found more stringent regulations to be associated with higher quality in non-profit but not for-profit child care programs (Rigby, Ryan and Brooks-Gunn, 2007). There is also evidence in Australia, the United States and Canada, that the for-profit sector has lobbied for more lax regulations in order to allow better profitability and, in Australia, against improved maternity provision which could cut into the "market" of the youngest babies (Rush and Downie, 2006; Nelson, 1982; Prentice, 2000).

In conclusion

It is noteworthy that the Organization for Economic Co-operation and Development's (2004) team for the Paris-based economic organization's 20 country Thematic Review noted, in its review of Canada, that "A protective mechanism used in other countries is to provide public money only to public and non-profit services" (p. 173).

Whether child care is for-profit or public/not-for-profit is not the only policy issue that determines whether children and families get high quality early childhood services. But it is a fundamental choice that influences how well other key structural policy elements—public financing, a planned (not market) approach, well paid, early childhood-educated staff treated as professionals, a sound pedagogical approach and ongoing quality assurance—function to ensure high quality and equitable access.

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About the Childcare Resource and Research Unit

The Childcare Resource and Research Unit is an independent early childhood education and child care (ECEC) policy research institute with a mandate to further ECEC policy and programs in Canada.