

From An Economic Perspective on the Current and Future Role of Nonprofit Provision of Early Learning and Child Care Services in Canada:

Brief Summary of Findings in Nonprofit Child Care Project Final Report

- The project analyzed four Canadian data sets with information about quality of child care services and for-profit/nonprofit status of centres.
- Data in You Bet I Care! (1998) covers 6 provinces and 1 territory. There are significant quality differences between nonprofits and for-profits across Canada. Nonprofits have an advantage in producing higher quality care, because of consumer trust. In larger markets, they are able to attract better staff, directors and leadership because of their mission and ability to produce better quality care for children at an affordable price. In other words, nonprofit centres in these circumstances, appear to develop a culture of quality. As a result, even with financial resources held constant, nonprofits are better at producing quality services.
- This nonprofit advantage is confirmed by the analysis of a large data set from Quebec – Grandir en Qualité and administrative data collected by the City of Toronto. In both of these cases, statistical controls for differences in financial resources do not eliminate the quality advantage enjoyed by nonprofit services.
- The ELDEQ study (in English, the Quebec Longitudinal Study of Child Development) surveyed quality in for-profit and nonprofit centres, but also in regulated family homes and informal care arrangements. The average quality in both for-profit centres and in informal arrangements is considerably lower than in nonprofit centres and regulated family homes.
- Before controlling for differences in resources, the average quality difference varies from a 7.5% to a 22% advantage for the nonprofit centres (different averages in different data sets). The average nonprofit advantage, after controlling for resource differences, varies from 7.5% to 15%. Only in “thin” markets, with inadequate parental ability to pay for higher quality care, is there no average quality difference between for-profits and nonprofits.
- For policy makers who are anxious to provide good quality early learning and child care at a reasonable cost, this quality advantage of nonprofits is important. However, nonprofit status is not, by itself, a magic elixir. Our findings in “thin” markets suggest that in conditions of inadequate financial support, efforts to encourage quality can fail. Government policies that support and encourage the development of a higher level of quality in early childhood education and care services are also necessary to permit nonprofits to develop a culture of quality that we call the nonprofit advantage.
- Chapter 2 of the report provides a more extended summary of the report’s findings.