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Aller au sommaire du numéro

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# LES PRATIQUES SOCIALES D'AILLEURS

# Day Care in Manitoba and the 1988 Provincial Election: The Potential for Change

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The growth of day care services in Manitoba illustrates three noteworthy features in the development of social welfare services over the past two decades. One is that it demonstrates an increasing rather than a decreasing level of state commitment to services. A second is that the development has taken place in an attempt to accomplish some explicit social welfare objectives. Lastly, services were provided not through a public sector, but rather through the private sector.

The growth of state commitment to day care in Manitoba has been phenomenal. Total

expenditures on day care services (including salaries of Departmental staff as well as grants and subsidies) rose from 1.36 million dollars in 1976 to 20.9 million dollars in 1986. With adjustments to constant dollars, the increase was 635 %. Growth in the total number of day care spaces in the Province does not match the increase in expenditures, but has nevertheless risen from 4,795 in 1976 to 15,775 in 1986, or an increase of 303 % (Hudson & Bracken, 1988).

The explicit social welfare objectives relate to a commitment to universal access to services and establishment of service standards and quality control. Universal access is attempted through maximizing the supply of day care spaces by the provision of start-up and on-going operating grants to non-profit community-based centres, and also through additional direct subsidies to families to minimize user fees, based on an "ability to pay" principle. Quality control is attempted through legislated minimum standards for centres and for staff qualifications, and the withholding of licenses and/or the closure of those centres which do not comply.

Finally, it is important to note that the state has been confined to the role of financing, regulation, inspection and provision of a legal framework. What has been avoided is the "nationalization" model (Kramer, 1981) in which the state becomes the delivery agent. Rather, the state has relied almost exclusively on the private, and in particular the not-for-profit (voluntary) sector. While a data base which distinguishes between for-profit and not-for-profit day care spaces is not yet established, the provincial Day Care Directorate staff have estimated that in 1987 approximately 91 % of all licensed day care spaces in the province were provided by the not-for-profit sector (Newman, 1988).

In a general sense, the distinction can be made between the for-profit and not-for-profit sectors by looking at how they are "governed." Aside from the legislated requirement that they be incorporated as non-profit corporations, the not-for-profit sector is characterized by a board of directors made up of volunteers who are charged with the responsibility of policy-making within the framework of legislation (in this case the Community Child Day Care Standards Act), and ensuring accountability to the state for the services rendered on the latter's behalf. To be eligible for state subsidy in Manitoba, for example, the board must be elected by consumers (parents), have a minimum of 5 members 20 % of whom must be parents, and none of the Directors may be related to staff members

(Manitoba, 1987). The for-profit sector ranges from one or more centres operated by small business entrepreneurs to the more heavily capitalized subsidiaries of large corporations like Crown Life Assurance (Playschools) and Great West Life Assurance (Mini-Skools).

Encouragement of a not-for-profit sector takes place in a number of ways. Financial assistance to parents (based on a means test) and provincial subsidy to centres (based on number of spaces, not parental income) are available only to not-for-profit licensed day care centres[1]. The licensing provision of the Act and regulations are quite stringent. Apart from the usual physical standards, a 1:8 ratio of staff to children is required at all times through the day. Centre directors and two-thirds of all staff are required to be qualified graduates from an approved community college program or its equivalent by this year (1988). A maximum of 70 spaces is permitted for any one licensed centre, and all day care centres (except in-home day care with less than 4 children) must be licensed. These requirements thus reduce the possibility that a for-profit centre can reduce costs or increase profits by increasing size or using under-qualified staff. Lastly, the not-for-profit sector is eligible for a significant number of grants (e.g. start-up, physical maintenance and up-grading, salary enhancement, etc) which are not available to the for-profit sector.

The achievement of the simultaneous objectives of creation of a sufficiency of space, equity of access, quality control and the enhancement of the not-for-profit sector as delivery agency is not guaranteed or easy, even when they are a matter of vigorous public policy, because they are limited by the ability of the state to make available a sufficiency of funds. For example waiting lists for subsidized spaces persist. Limits on availability of funds for grants mean that some not-for-profit centres are ineligible for some grants (Manitoba 1987). In December of 1984, 70 % of all day care centre spaces (excluding licensed family day care) were receiving provincial funding. A year later this figure had dropped to 66 %. That same period saw an increase in funded spaces of 4.4 %, and of non-funded spaces by 22.4 %. The growth in unfunded spaces would indicate that many families may be using unsubsidized services which they can ill afford, even if they are offered on a non-profit basis, simply because provincial funding cannot match the growing need.

1. Exceptions to this rule are approximately 200 spaces operated by the for-profit sector which had been eligible for subsidies on behalf of families prior to the current legislation which was implemented in 1983.

This describes the day care system which had developed in the province during a 19 years span. During this time, the NDP were the government for all but 4 years. The fall of the NDP government on a budgetary non-confidence motion on March 8, 1988 however, threw the province into a provincial election that few had anticipated. Two years into their second mandate, the NDP was at the bottom of opinion polls and had essentially no vote-getting issues with which to fight an election. Instead, the election agenda was set by both the Progressive Conservatives and Liberals, an agenda dominated by criticisms of high taxes and increased auto insurance premiums.

Faced with this situation, the two umbrella organizations for the not-for-profit day care sector (Manitoba Child Care Association which represents child care centres and the Family Day Care Association of Manitoba which represents family day care homes) jointly published a pamphlet during the campaign entitled *Ensure Manitoba remains a Leader in Child Care*. It pointed out the strengths of the Manitoba Day Care system and posed questions concerning child care for people to ask the candidates of the three main political parties. As the campaign progressed, each of the three parties issued statements on child care.

The position of the NDP was articulated in the proposal that the NDP government had presented to the First Ministers' Conference in Toronto last November (Manitoba, 1987). The proposal outlined the Manitoba system as it existed at that time, and suggested a national "Child Care and Family Support Services Act" . This called for *establishing criteria and conditions that must be met before contributions* from the Federal government would be made to provinces for child care. In addition, the NDP government in Manitoba proposed that *day care services and family support services must be administered and operated on a non-profit basis.*

The Liberal Party of Manitoba took a very different view. The party statement on day care entitled *The Liberal Party in Manitoba Policy Statement re Day Care* (Liberal Party in Manitoba, n.d.) quotes the Leader, Mrs. Carstairs' response to the Throne Speech five days before the defeat of the government. While suggesting that the Manitoba system was a good system, she suggested *The government is overlooking the contribution of private day care facilities, properly regulated and properly inspected. They can bring about a*

*solution to day care requirements in Manitoba. Not every day care space in Manitoba must be a publicly funded, publicly operated space.*

Clearly distancing themselves from the NDP government policy and the system that had developed in Manitoba, the statement makes the point that *The Liberal Party in Manitoba supports a mix of private, public and co-op day care services.* They also appear to have differed with the voluntary sector in adding a statement to the effect that quality of care is not necessarily related to whether a facility is operated on a for-profit or not- for-profit basis[2].

The Progressive Conservative Party, in their *Briefing Note: Day Care* called for *Work with private sector operations to increase the number of day care spaces.* A letter from the then opposition leader, now premier, Gary Filmon concerning day care hints at fiscal irresponsibility on the part of the voluntary sector when he stated that *Non profit centres are collecting up to $23.00/child/day in parent fees/ government subsidy with many of them carrying deficits.* Reflecting their rural support, the Progressive Conservative position statement (Manitoba Progressive Conservative Campaign, n.d.) called for development of "realistic day care services for rural areas." In addition, they called for expansion of employer-provided workplace day care centres beyond the one already in existence in Manitoba — a garment factory in Winnipeg.

Both the Liberals and the Progressive Conservatives advocated subsidization of the child, and not of the child care centre. Suggesting a system that is based on the individual/consumer model first outlined in the context of primary and secondary education by the American conservative economist Milton Friedman (1962), they proposed that the subsidy be paid directly to the parents of a child in need, presumably following a means test although how subsidies would be determined was never specified. The suggestion here was that parents were forced to abandon high quality for-profit day care in order to qualify for government subsidy.

It would be difficult to characterize the topic of child care as a major one in the campaign. However the issue of for-profit vs

2. The pamphlet referred to above published during the campaign by the two umbrella associations had pointed out (without directly quoting) that research done in Alberta had shown for-profit day care to be of lower quality than not-for-profit day care.

not-for-profit day care did receive slight media attention about half way toward the April 26th election. The *Winnipeg Free Press* carried an article in early April quoting Mrs. Carstairs as suggesting that the main problem was one of ideology on the part of the NDP. The quote attributed to her the view that *an "ideological problem" with extending subsidies to profit-making centres is hindering expansion of the system* (Flood, 1988). The same article also gave the Progressive Conservative view outlined above. No New Democratic Party candidates were quoted nor was the NDP position, except as criticized by the other two party leaders, given consideration in the article. The Quebecor-owned *Winnipeg Sun* carried an article the same week under the headline "Owners-for-profit welcome Tory plan" (Benham, 1988) which quoted owner-operators of small for-profit centres as stating they had been treated like "second-class citizens" by the NDP. Another article on the same page did contrast the Progressive Conservative and NDP positions, but made no mention of the Liberal Party viewpoint. Following this brief appearance, the issue did not return to the media coverage of the campaign.

The future of day care services in Manitoba depends on the decisions that the three provincial political parties will make on three issues. The first concerns the collective parent and community governance model versus a consumer choice model of day care control.

The Liberals and the Conservatives are committed to parent control of day care through a consumer choice model. This will mean that parents eligible for day care subsidies will have these resources attached to their children and they will be able to shop around and purchase the day care service of their choice from a private business, a non-profit, or cooperative offering day care. Parents not eligible for subsidies will be able to purchase with their income the day care service of their choice. In effect, the Liberal and Conservative approach will emphasize control at the point of purchase of the service with the ability to change services if they are not satisfied. On the other hand the NDP has and likely will continue to stress direct and participatory control of day care services through their restriction of day care centres to non-profit centres with elected boards which must be composed of at least 20 % parents. (In most cases day care boards are composed of a majority of parents but there are examples of day care boards dominated by community or church groups who are not parents.)

In order to ensure that standards of service are met all three parties promised to regulate day care centres and, in the case of the Liberals and the Conservatives, this includes privately owned day care services. However the Liberals commented negatively on the increase in funding to the Child Care Directorate.

The second issue concerns placing an emphasis on expanding day care services through private businesses or through non-profit centres. Here the NDP stands alone among the three political parties in supporting only day care centres which are not-for-profit with parent/community boards. (An exception is made to family day care homes with less than 4 children). On the other hand the Liberals and the Conservatives would encourage private businesses as a vehicle for the expansion of day care services. Under a Conservative government, private businesses offering day care services would be eligible for annual maintenance grants (currently about $968 a year) and staff training grants (currently $2300 a year for a trained worker and another $1545 a year for a worker specially trained to work with handicapped children) but not capital construction grants (Manitoba, 1987). The Liberals are not as specific on these points but would, like the Conservatives, provide child subsidies to families with demonstrated need in privately owned day care centres.

Lastly, the parties, and government, must decide on the degree of emphasis on universal versus selective grants and parent subsidies to resource the day care system. The NDP implemented a mixed system where day care services were paid for through an annual universal maintenance grant ($968) for each day care space along with parent fees scaled according to family income and capped at a certain point (currently $13.20 a day) regardless of income. Parents with high incomes did not directly pay the full cost of the service. The NDP believed that their model should be complemented by a progressive taxation system which would see child care expenses covered by a tax credit based on actual costs versus a deduction based on income. In particular, the principle of a social welfare program, based on the principle of universality and use of a progressive tax system to distribute the costs based on income, are important parts of the NDP agenda.

The Liberals and Conservatives differed in their emphasis of how day care should be paid for. The Conservatives are prepared to extend the universal maintenance and training grants to private businesses offering day care services. They are silent on how

increased costs will be met but presumably this will be through an increase in parent fees. The Liberals on the other hand were quite explicit that they favour a selective subsidy approach where high income families would pay the full costs of day care services and the savings would be redistributed to those in need. They were silent on the specific question of extending universal maintenance and staff grants to privately owned day care services, but likely these private operators would be eligible for any grants offered the non-profit sector.

The election resulted in a significant defeat for the NDP, who retained only their 5 northern and 2 rural seats and the core of their urban support in Winnipeg and Brandon for a total of 12. The Progressive Conservatives have formed a minority government with 25 seats, while the Liberals have gone from 1 to 20 seats. Thus, the parties which differed substantially with both the previous government's approach to day care and the system as it has evolved currently hold 45 seats in a 57 seat legislature.

Given the views of the three political parties on the above issues and the current reality that the present government is a Conservative minority, in the short run of the next one to two years one could envision Conservatives taking the following course of action: they will likely allow for the expansion of urban day care services through privately owned, employer sponsored workplace services. These centres will be used to attract and maintain a stable workforce particularly among immigrant and refugee mothers who work in the garment industry. In the rural areas the Conservative government will encourage the growth of day care services through privately owned home operators who live in the villages or on farms.

In the medium term of two to six years, the prospects are that the Liberals will form the next provincial government. On the basis of their present policies the Liberals will also expand day care services through the private sector and eliminate the universal aspects of financing the system with a shift towards a system where families will pay according to their income. This will mean, depending on where the subsidy cutoff points are, that middle income families could get squeezed by escalating day care costs and consequently they may turn to unregulated informal arrangements in order to maintain affordable day care.

In both the Liberal and Conservative scenarios their policies, with or without the federal "free trade legislation", will open the

doors to the American owned multinational day care chains to join the large Canadian insurance company-owned chains in the newly government sanctioned day care market and compete for the consumer/parents' purchasing power.

These scenarios however need to be tempered according to whether or not the Manitoba Child Care Association's campaign to retain non-profit centres, staffed by well trained child care workers, as the primary delivery mechanism for day care services, will gain popular support. In particular, the dynamics of minority government may be such that the Progressive-Conservative government (or its opposition partner, in this case the Liberals) are unwilling to provoke any major confrontation on an issue for which they sense strong public support. This provincial organization represents the non-profit sector and they are already pointing out the dangers of privatization to the public and reminding parents and the public that Manitoba's day care system is widely admired and studied throughout Canada and the United States. In fact Ontario, where over half the day care is provided by the private sector, is now using the non-profit model as their vehicle to expand day care services (Manitoba Child Care Association, 1988).

The provincial election of 1988 was not fought on the issue of for-profit vs not-for-profit day care. Rather, it was fought on issues related to taxes, auto insurance premiums and management of crown corporations generally. The outcome reflected a campaign in which the public and the media (which one first is not clear) rejected neo-conservativism and evoked a return to the pre-1969 days of three political parties each trying to get control of the "political centre"(Gonick & Silver, 1988). But the outcome also has resulted in, at least for the moment, the establishment as government and main opposition, political parties which have expressed significant differences with the direction day care development has taken in the province. What is unclear at this stage is the direction and vigour of the social forces of the community with respect to the existing non-profit day care system. The next few years may begin to show how firmly rooted the current system is in the community, and to what extent people are prepared to defend it.

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