

## **Quebec Childcare at 20: What Have We Learned?**

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## **Abstract**

4 X H E H F 1 Educational Childcare Act constituted a Scandinavian-type universal low-fee childcare system in the province. It has boosted the labor force

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women in the rest of Canada up to the level in Quebec, we could  
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Stephen Poloz  
Governor of the Bank of Canada

To begin with, **Table 1** reports a few relevant comparative statistics in the Province of Quebec and the State of New York. Basically, i W VKRZV WKDW 1HZ <RU population and GDP per capita are much ODUJHU WKDQ 4XHEHF¶V EXV nevertheless New York women are much less present in labor markets than Quebec women. The intriguing question is how come women participate in such larger numbers in the labor force in Quebec than in the larger and richer New York State

workforce. The question was not whether this was acceptable in theory, but what to do in practice given that this was a fact of life. Mothers have reasons to behave as they do. First, they feel they need to work. Nowadays it takes two incomes to make a decent family living. Second, if they have a staggered career, mothers are bound to lose a large chunk of the major investment made in their education. Third, since 50% of all couples separate after 10 years, long-lasting labor force withdrawal after giving birth increases the risk of dire financial consequences not only for the lonely parents, but also for their children, after separation. So, for a clear majority of families the practical challenge is to ensure that their children get the reliable, affordable, good-quality childcare they need during the day to complement the care they receive at home in the morning, the evening, the weekend and the holidays.

## How did Quebec ¶ V Q H Z I D P L O \ S R O L F \ F R P H D E R X W "

How did a low-fee universal child care system come to be established in Quebec in the late 1990s? A number of causes played a role. First, as in many other advanced societies, the rising employment rate of young women made work/life balance a central political issue. Second, a provincial coalition for a 'progressive' agenda (women, community groups, etc.) was formed around this objective. Third, a province-wide gathering of economic and social leaders organized by Premier Lucien Bouchard took place in 1996. The Premier wanted to form a large consensus over a balanced agenda including both a zero budget deficit and a family and social policy package, of which the low-fee universal child care system emerged as a *pièce maîtresse*. His Minister of the Family Pauline Marois had been listening carefully to leading early childhood experts, and leaned on the Scandinavian low-fee universal approach. This led to the passing of the 1996 Educational Childcare Act. Crucially, political parties in the provincial Legislative Assembly were only moderately polarized on the issue. The Act was voted unanimously.

The Childcare Act set two explicit objectives: help families improve their work-life balance, and enhance child development with a strong purpose of equality of opportunity. The program was started in 1997 and went fully operational in 2000. All parents were to have access to childcare spaces at a low after-tax fee of \$5/day for 10 hours/day and 261 days/year. The new family policy also included other elements. First, full-day kindergarten was offered to all children aged 5, and half-day kindergarten was developed for children aged 4 in a number of poor neighborhoods. Second, at the same time before- and after-school programs for children aged 5 to 12 were also made available at the same rate of \$5/day. Third, and most importantly, negotiations with the federal government were undertaken

over parental leaves, leading to the Quebec Parental Insurance Plan (QPIP) in 2006. This program enhanced leaves for mothers and fathers over the already-existing national program run by the federal Employment Insurance regime.

### **The child care program in a nutshell**

**Table 2** below shows how young children are distributed

0.6%

**Chart 2a** extends the comparison to Quebec versus New York over time. While the labor force participation of women aged 25-54 has remained flat around 74% in New York in the last 20 years, in Quebec it has increased sharply from 73 to 87%.

Based on large longitudinal datasets, three major studies by Toronto, MIT, UBC, UQAM and UBC researchers have all concluded that the childcare program has been a major cause of the large increase in participation. They also found that the increase in employment was about the same whether mothers held a postsecondary degree or not, and that the impact on school. University of Sherbrooke colleagues and I estimated from these studies that by 2008 there were some 70,000 (or 3.8%) more Quebec mothers in employment than there would have been without the childcare reform





burdens. These surpluses are an increasing function of the tax/GDP ratio, and would therefore be smaller in low-taxed US states than in Canadian provinces.

**Table 3** ( VWLPDWHG LPSDFW - Rec HMC on Fed/All and G X F H G )  
**provincial government revenue and expenditure in 2008 (M\$)**

<u>Impact on:</u>	Level of government		
	<b>Federal</b>	<b>Provincial</b>	<b>Total</b>
Tax revenue <sup>a</sup>	+530	+1,129	

UHFHLYH 3JRRG' FDUGZKHLDXHDWHDJHWWid contrast is that of teacher qualifications. While 87% of CPEs abide by the standard that at least 2/3 of the teachers be qualified (counting a college degree in childcare techniques plus experience), fewer than 18% of full-fee for-profit **garderies** meet this standard.

Why did the provincial government let quality to vary so much among the several types of caregivers? 7KHUH DUH WKUHH UHDVQRV )LUVW WK SDUHQWV WR FKRRVH WKHLU FKLOGFEDUHSURYLGH means of ensuring parental freedom of choice (although this is freedom of choosing low-quality care for the children in many cases). Second, beginning in 2009 the refundable tax credit offered to users of full-fee for-profit **garderies** was increased, which has encouraged this type of care to expand briskly. This measure was successfully aimed at solving the problem of waiting lists arising from the lingering excess demand for high-quality CPE spaces, but had a downside in terms of quality. Third, the government wanted to save money. Today, the full cost of a child-day is \$60 in a good-quality CPE, but only \$40 in a lower-quality full-fee **garderie**. This operating cost differential largely reflects the differences in childcare quality among providers. It also implies that government subsidies to the two types of care differ. In a CPE costing \$60/day, the average parental fee is \$10 and the direct government subsidy is \$50. In a full

attends a full-fee **garderie** instead of a CPE, the minister of finance saves \$50 minus \$22 = \$28. A large fraction of this amount of money saved by the minister mirrors the cost of the quality of care of which the

with CPEs and other reduced-fee providers while charging a higher fee at the gate in line with the better quality offered.

### **How to attract and better treat children from low-income families?**

In every country childcare systems have a hard time attracting children from low-income families. In Quebec, 77% of high-income parents use good-quality childcare, but only 41% of low-income parents do. How come? Well, first of all low-income parents are more often without jobs, in which case children are usually kept at home. Second, when they hold jobs they use licensed childcare less often. And third, when they use licensed childcare they more often wind up in lower-quality settings.

Why are low-income working parents relatively absent from good-quality licensed childcare? One can think of three likely reasons. First, many low-income families find the base daily charge (\$8.25 in 2019) to be too expensive. [Chart 4](#) demonstrates that one consequence of the currentfind tower

Given all that, there is no question that top priority should be given to better access to affordable good-quality care for children from low-income families, and that childcare settings should be provided with the appropriate level of financial and human resources to respond adequately to the special needs of disadvantaged children. That is, if the goal of equality of opportunity for the next generation is taken seriously.

### **Should the childcare system be targeted or universal?**

This in fact raises the related question of whether the childcare system should be purely targeted to the poor or whether it should be open and charge a low fee to every family, rich or poor. A purely targeted program would follow the Robin-Hood tradition of <sup>3</sup> V R I D N 'It has much going for itself given that transferring a dollar of income from a rich household to a poor household likely increases the welfare of the latter more than it reduces the welfare of the former. However, if pushed too far and to all government programs, the procedure risks creating generations of middle- to high-income taxpayers trained to hate government and whose main interest will be in cutting taxes and services to the needier. In contrast, a low-fee universal childcare program conforms to the Scandinavian tradition of <sup>3</sup> J I H W 'It helpfully reminds middle- and higher-income young families that they can get at least this kind of government service in due return for the thousands of dollars of taxes they pay each year.

The Quebec solution can be viewed as an attempt to mix the two traditions: it is based on a low universal starting fee followed by an additional contribution rising modestly with family income. Of course, this quasi-universal approach has many further practical and exclusive advantages:

- 1) it does not cost a penny to government and does not require to increase taxes
- 2) on the contrary, it generates fiscal surpluses that can be reinvested in better-quality services for all, and in particular for disadvantaged children
- 3) it can catch all vulnerable children, 2/3 of which come from middle- to high-income families
- 4) it encourages social mixity and positive peer effects between children of all backgrounds in conformity with the equality of opportunity sought for by the Educational Childcare Act (A 2017 paper by Elizabeth Cascio of Dartmouth has found interesting results on this question.)
- 5) it prevents the damaging V W L J P D W R R R I W H Q D V V R F L D W H C I R U W K H S R R U '

