

Quebec's Childcare Win-Win

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Quebec's Family Policy I

- Full-day kindergarten has been offered to all children aged 5 since September 1997
- Simultaneously, before and after-school daycare at \$5 per day began to be offered to all children aged 5 to 12
- Since 2005, a provincial child support program has given increased family allowances to middle- and lower-income families in addition to the federal CCTB and UCCB
- Since 2006, a provincial parental insurance plan has made enhanced parental leaves available to new parents over and above the federal EI-based program
- In Quebec as in other provinces, children have been "removed from welfare"
- Key vision: connect family policy to labour market

Quebec's Family Policy II

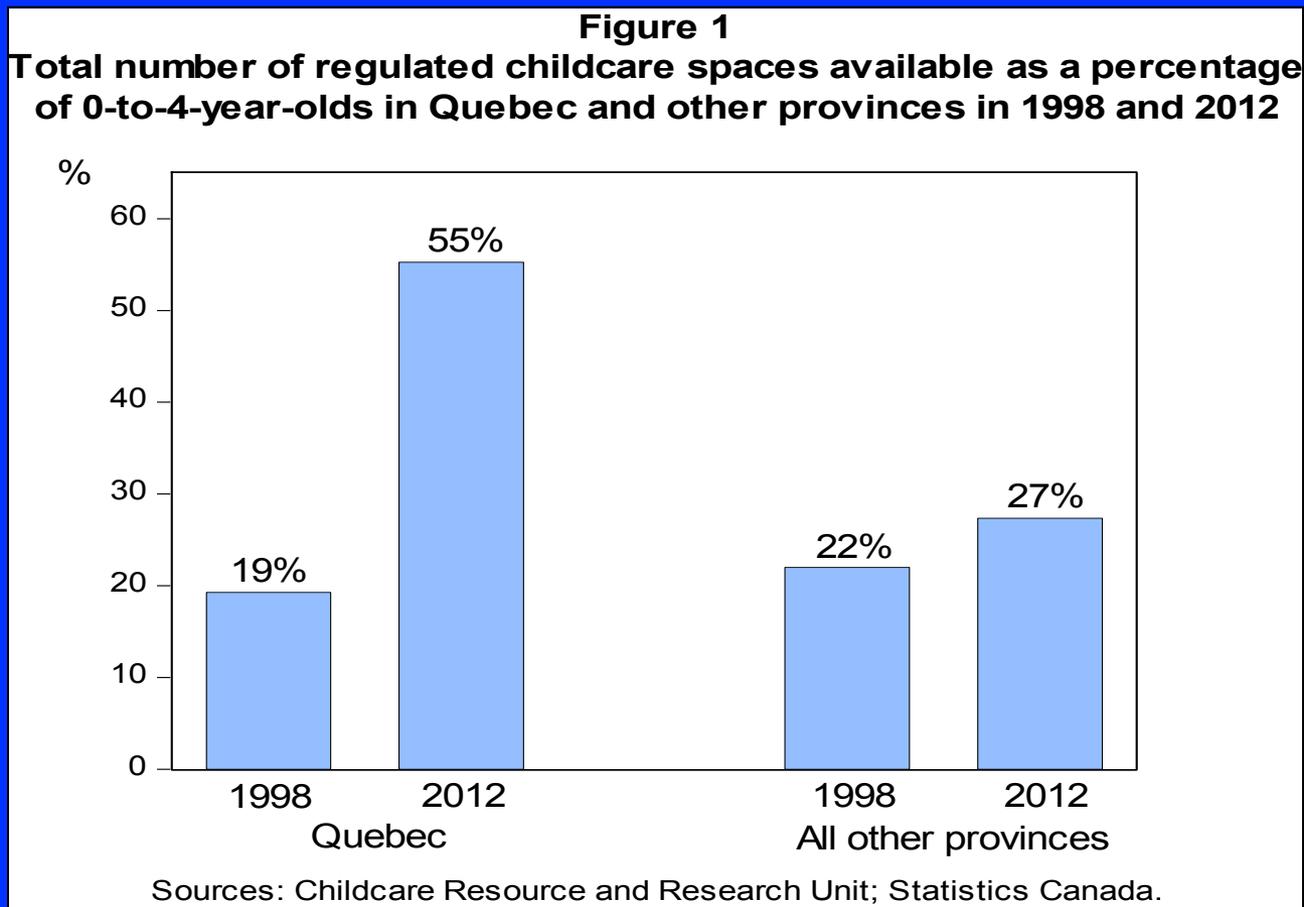
Early childhood education and care (EC2)

- Offered at \$5 a day to all children aged 0 to 4 since September 2000
- Fee increased to \$7 in January 2004, and to \$7.30 in September 2014
- In April 2015, fee was maintained at \$7.30 for annual family incomes below \$50 k, and increased by steps to \$20 for incomes above \$155 k
- There are four types of regulated facilities: *Early Childhood Centres (CPE, 32% of spaces)*, family-based services (33%), privately-owned subsidized facilities (16%), and private non-subsidized facilities (19%)
- First three types receive direct provincial subsidies
- All types give access to federal income tax deductions ; provincial refundable income tax credit is also available to fourth type
- In 2014-15, the cost of this provincial low-fee childcare programme was \$2.4bn, or 0.6% of GDP

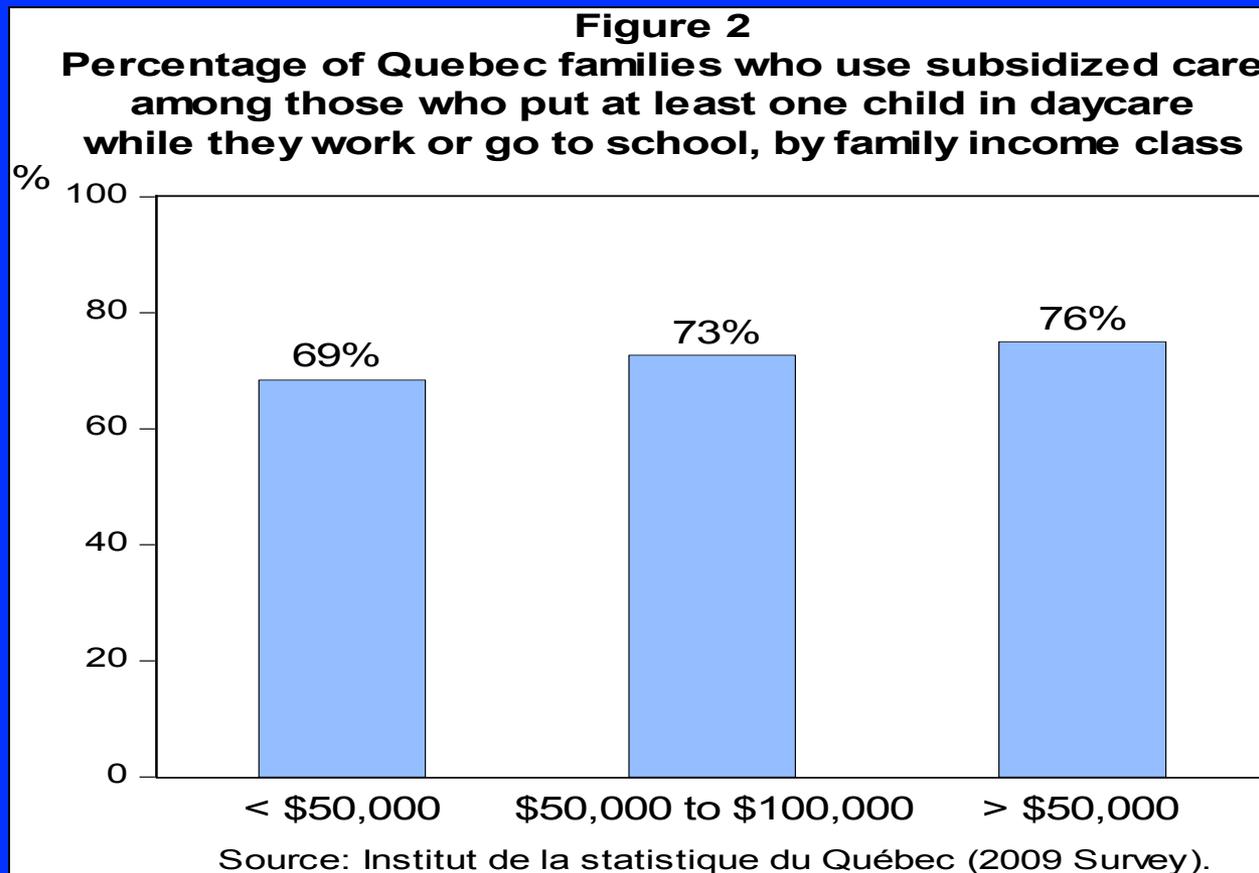
What does EC2 policy aim for?

- EC2 aims primarily at fostering the development and well-being of our *tout-petits* and providing them with equality of opportunity
- EC2 is also meant to help parents reconcile their parental and professional duties
- Making everyone richer (including governments) was obviously not a goal of EC2, but it has nevertheless been an outcome (however initially unexpected)

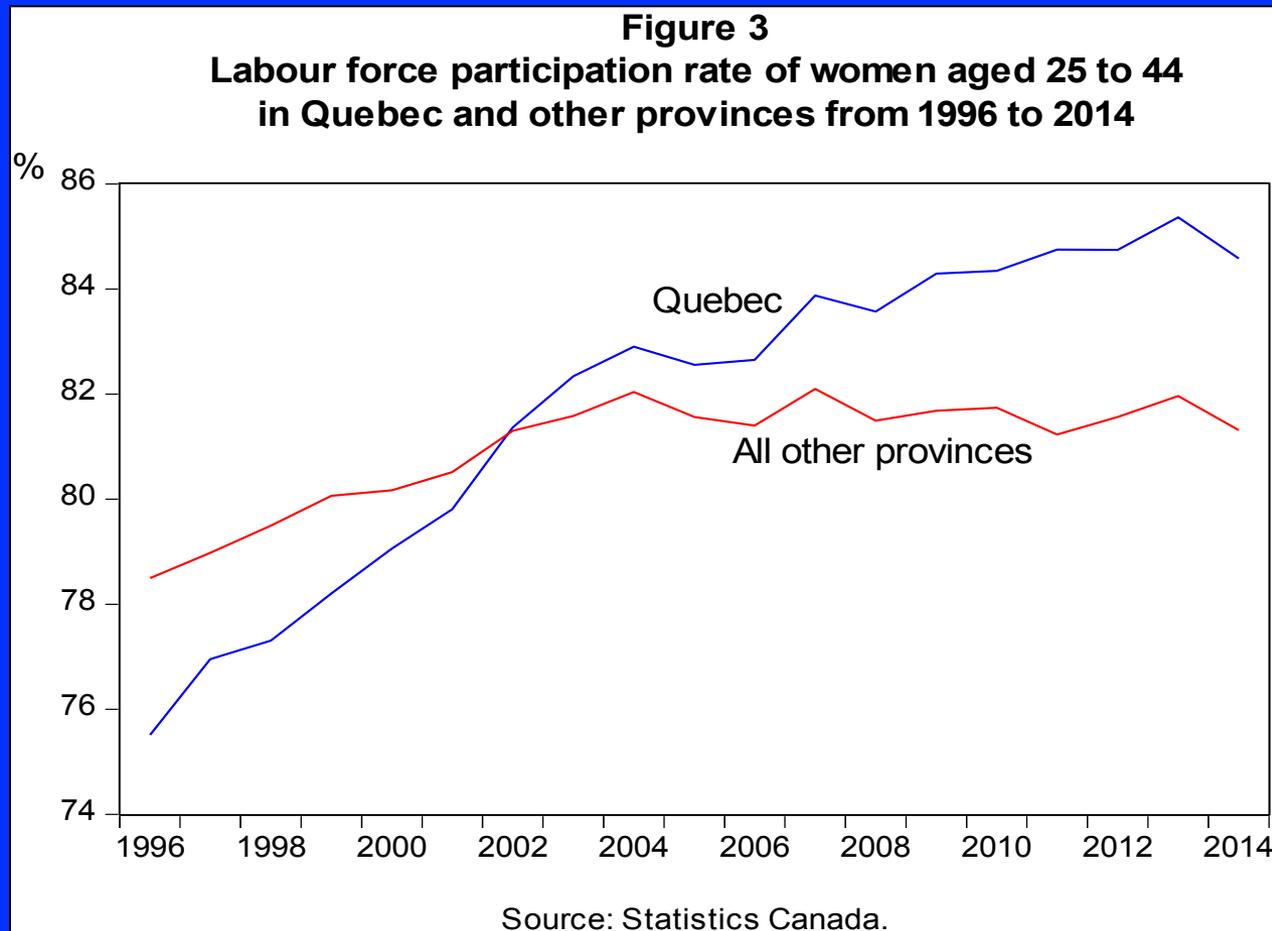
Percentage of 0-to-4 year olds attending regulated child care has risen spectacularly



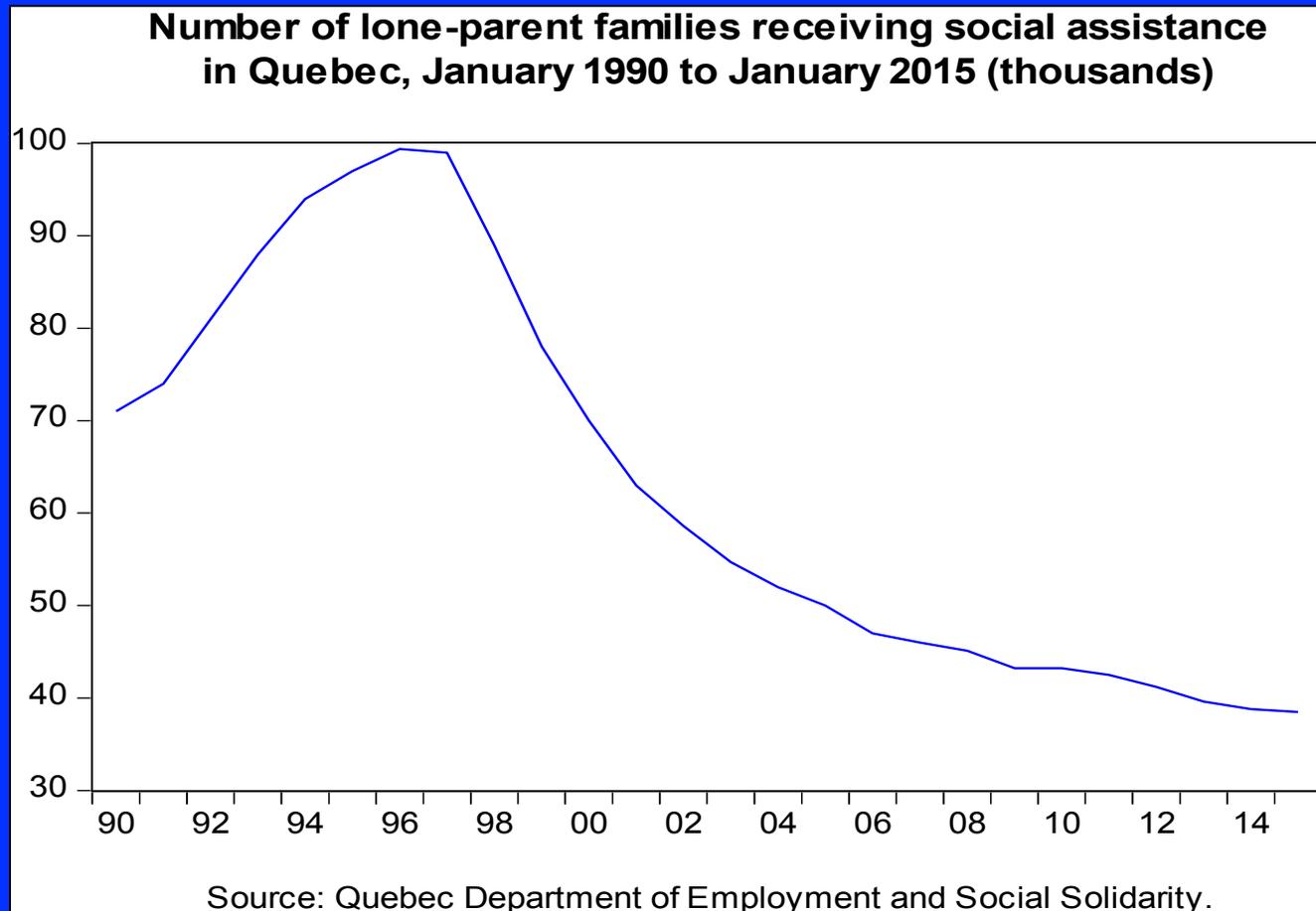
Participation in subsidized care is balanced across income groups



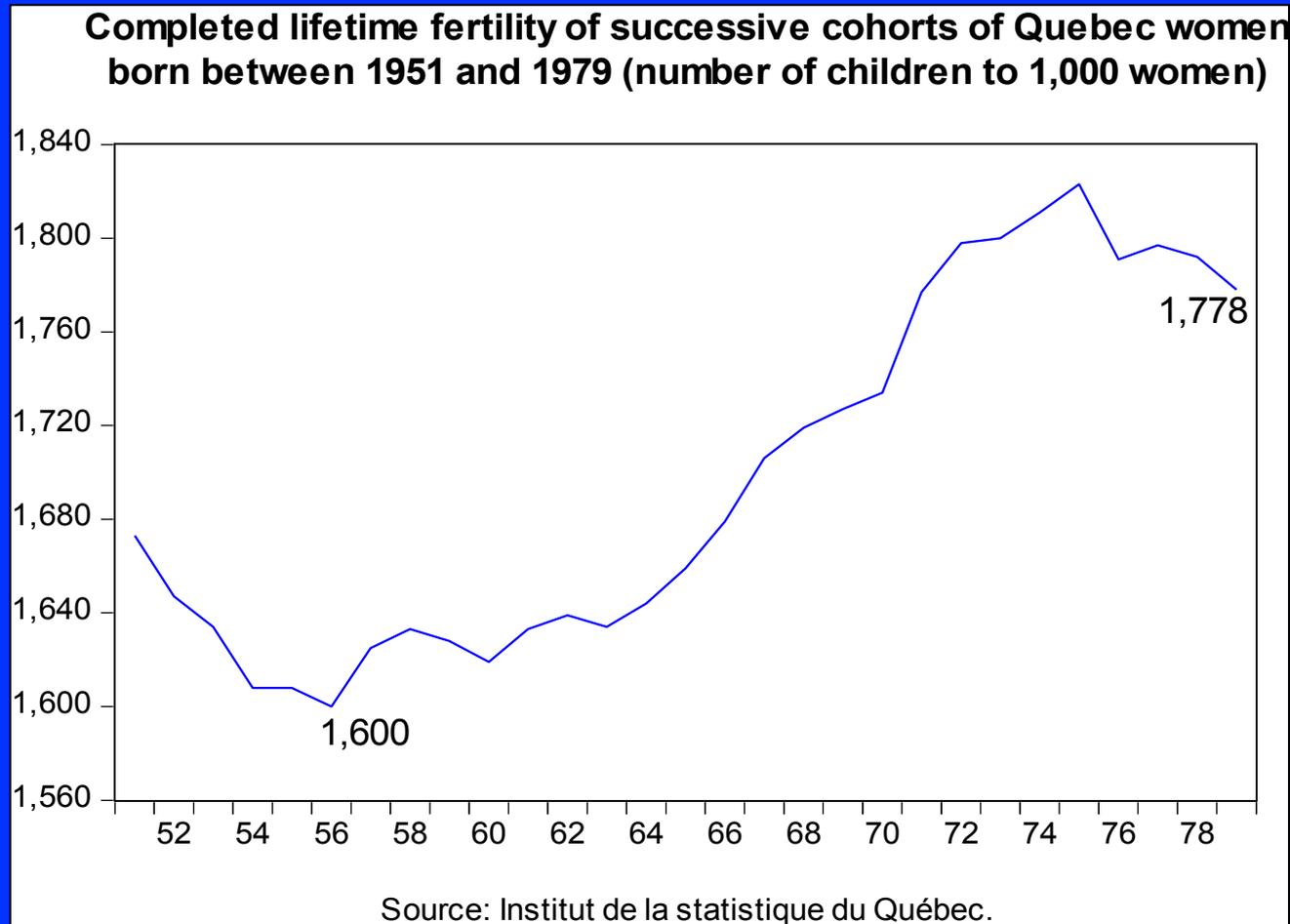
Quebec women have joined the labour force *en masse*



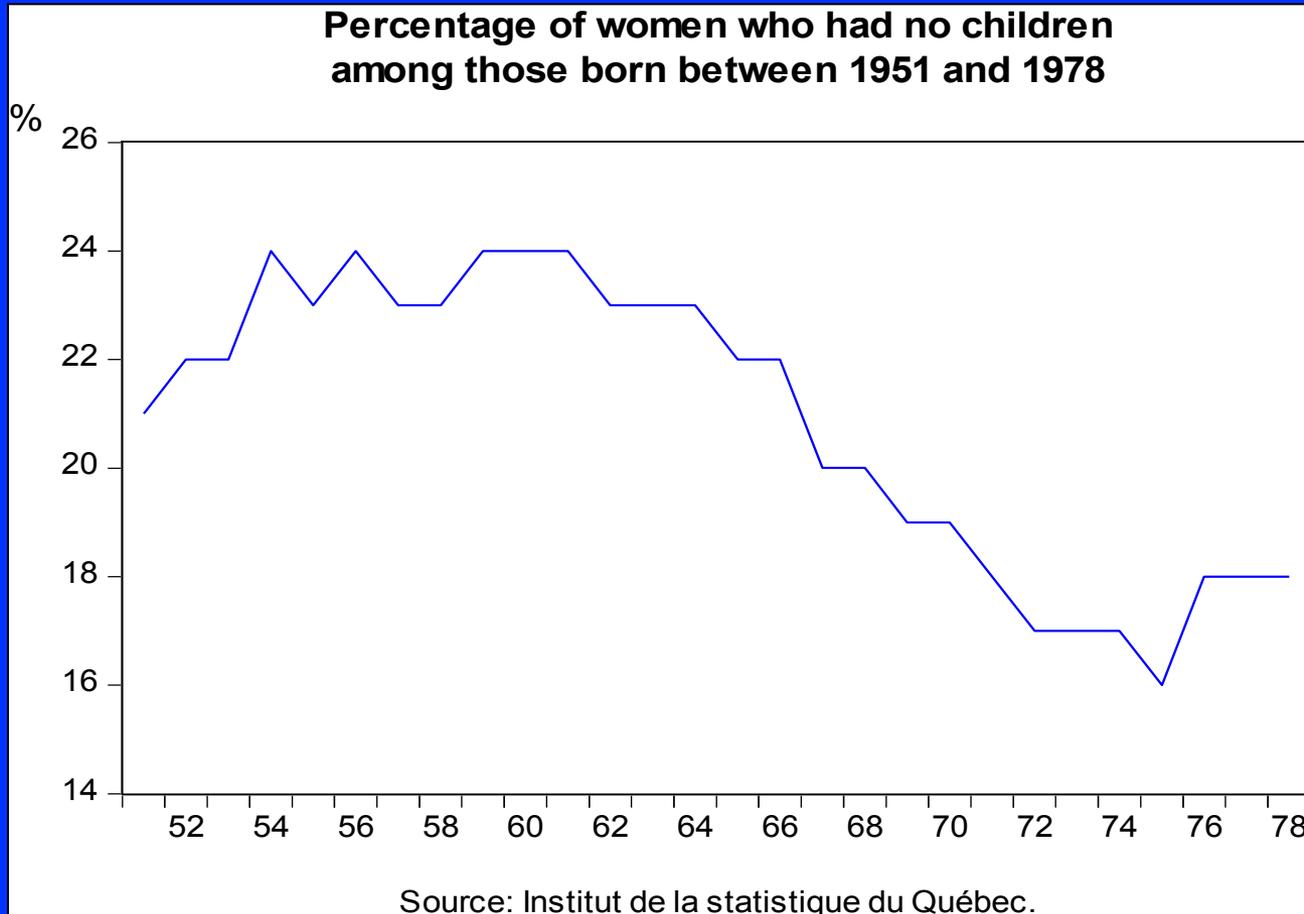
The number of lone-parent families on welfare has declined by 60%



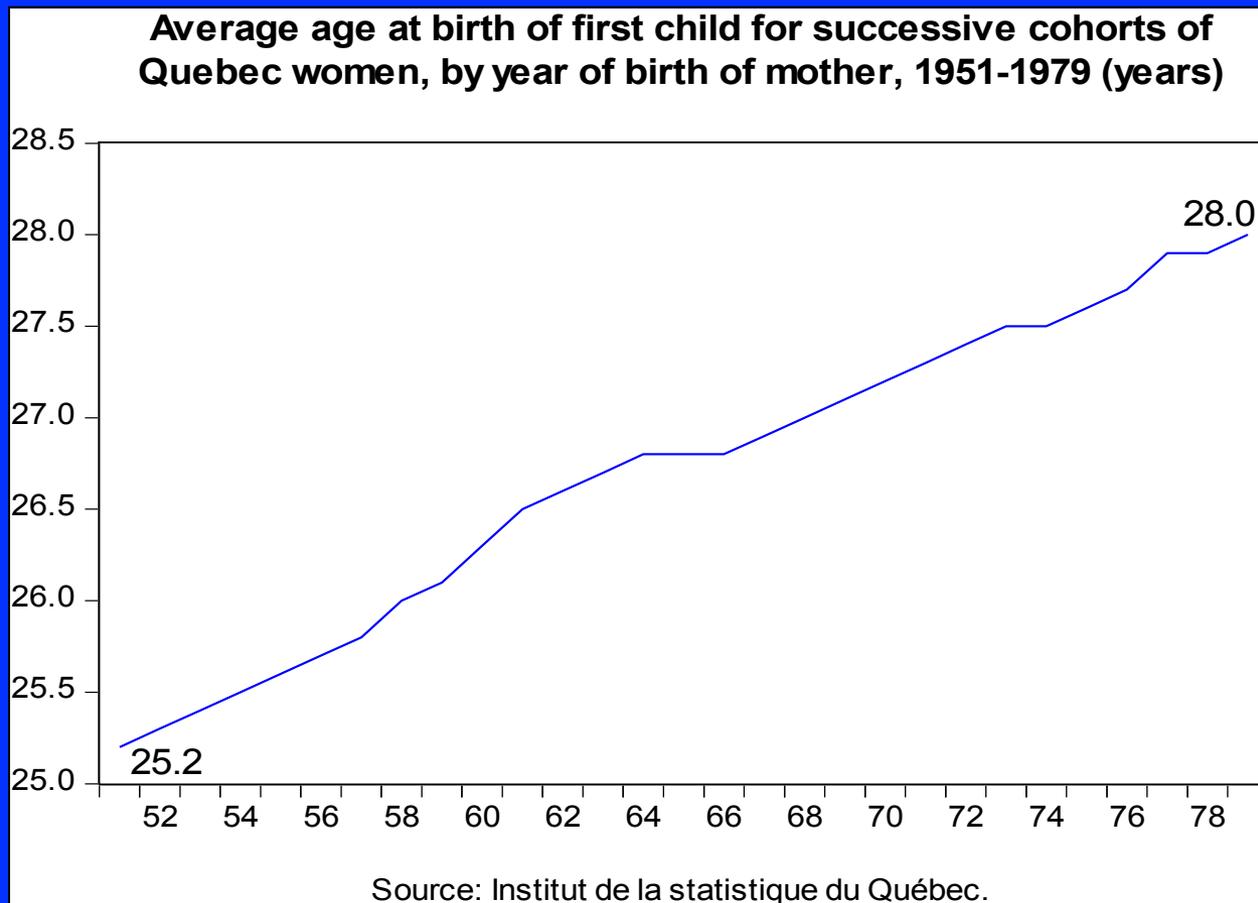
The completed lifetime fertility of recent cohorts has increased



The percentage of women who have no children has declined



But the average age at birth of first child has continued to increase



Impact on children's development: still room for improvement

1) Quality of child care in subsidized facilities in 2005 according to the study by Japel, Tremblay and Côté:

<u>Quality index</u>	<u>Percentage of facilities</u>
Good	28%
Average	60%
Inadequate	12%

2) The 2012 *Survey of Montreal Kindergarten Children* has shown that children from low-income families having attended a CPE are much less vulnerable than those who did not when they enter school

The low-fee system is very popular

- In 2009, 92% of users of low-fee child care services said that the system fully satisfied their preferences**
- Further, 66% of users of non-subsidized child care services said that they would prefer having access to a subsidized facility**

- Two implications follow:**

**popular, EC2 is there to stay
spaces still falls significantly short
demand (by 30,000 spaces, perhaps)**

1) Being so

**2) Supply of
of**

According to microeconomic evidence, Quebec's EC2 has increased jobs, incomes and fiscal revenues

- Microeconometric research with longitudinal survey data was conducted at Toronto, UBC, MIT and UQAM
- Tallying up and extending their results (for 2008), our UQAM-Sherbrooke team has found that:
 - women's employment was up by 70,000 (3.8%)
 - Quebec's GDP was up by \$5.1bn (1.7%)
 - the overall fiscal balance of the three levels of government was up by \$0.9bn

Annual costs and benefits Ottawa and Quebec got in 2008 from having replaced the pre-2000 system by the low-fee system

(Millions \$)	<u>Gain in rev.</u>	<u>Cost</u>	<u>Net ben.</u>
Quebec	\$1,450	-\$1,200	\$250
Ottawa	\$650	0	\$650
<u>Total</u>	<u>\$2,100</u>	<u>-\$1,200</u>	<u>\$900</u>

- The cost of \$1,200 million is the difference between the actual cost of the new system (\$1,800 million) in 2008 and what the pre-2000 system would have cost in that year (\$600 million)
- Bottom line: for each additional dollar spent, there is a net benefit of 55 cents for Ottawa and 20 cents for Quebec

Policy implications

- Quebec's EC2 system is more than paying for itself
- Even if it is a costly programme on surface, it does not require the government to increase taxes
- On the contrary, thanks to increased employment and economic activity, it generates a fiscal surplus that can be used for other purposes, including enhanced investment in 0-to-4 year olds from low-income families
- Furthermore, given the significant increase in fiscal revenue the federal revenue government gets from the programme, a federal contribution to low-fee childcare programmes in participating provinces (e.g., the Mulcair proposal) would be on sound financial footing

Making money is not at all the point, but it can help

- **The basic objective of EC2 is better child development, a better balance between work and family for parents, and greater long-term financial autonomy for women**
- **It is not to have Ottawa and the provinces to make money out of it**
- **A favourable impact on public finances is neither a necessary nor a sufficient condition to put an EC2 system into place**
- **However, it may be helpful for convincing provincial ministers of finance to go for it**

Challenges

- **Making the supply of places meet the demand**
- **Rules of attribution of spaces**
- **Quality of education and care**
- **Training of personnel**
- **Special needs of children from poor families**
- **Financial autonomy of mothers**
- **Interaction between social classes**
- **Non-standard work schedules**
- **Unionization of staff**