

REAL QUESTIONS ABOUT UNIVERSAL CHILD CARE

Since the start of the pandemic, calls for universal child care have picked up steam. Before pursuing this policy approach, however, there are important questions to answer. These questions pertain to all aspects of child care—accessibility, quality, and cost. Every family is different, and child care needs and desires vary.

Will a federally funded, universal system be able to meet these needs?

THE QUESTION: CAN WE HAVE BOTH CASH BENEFITS FOR FAMILIES AND A NATIONAL DAYCARE SYSTEM?

Maybe. Finland serves as an example of a country in which benefits include a home-care allowance and spaces in child-care centres. Parents of young children can choose between these two options.¹ This has not been the case with the “universal” care model in Quebec that the federal government is now seeking to emulate. Three-quarters of Quebec families received *fewer* financial benefits just one year after the 1997 implementation of the daycare system.² In 2002, only about 23 percent of families were using the spaces in the new “universal” system.³ What this means is that most families lost benefits because the government favoured a system they were not using.

A study by researchers Robert Baril, Pierre Lefebvre, and Philip Merrigan during the early years of the program concluded the following:

Compared with the pre-reform situation, 72 percent of families would receive less financial assistance from the provincial government in 1998—findings in sharp contrast with the claim advanced by the Quebec Minister Responsible for Family Affairs that 95 percent of families would gain from these reforms. The families that gain from the reforms are those in the \$10,000 to \$25,000 income category. Families with middle or higher incomes are expected to pay for it. Large families and families with young children lose most under the new policy. Finally, families benefiting from social assistance neither gain nor lose, with the result that many children still grow up in poverty. Considering the Quebec government’s commitment to young children, these results are rather surprising.⁴

1. Cardus, “A Positive Vision for Child Care Policy Across Canada,” January 21, 2019, <https://www.cardus.ca/research/family/reports/positive-vision-for-child-care-policy-across-canada/>.

2. Robert Baril, Pierre Lefebvre, and Philip Merrigan, “Quebec Family Policy: Impact and Options,” *IRPP*, January 2000, <https://irpp.org/research-studies/quebec-family-policy-impact-and-options/>.

3. J. Tougas, “Reforming Québec’s Early Childhood Care and Education: The First Five Years,” Occasional Paper, no. 17, Childcare Resource & Research Unit, Centre for Urban & Community Studies, University of Toronto, 2002, 74. This document states that about half of Quebec children were in care on a regular basis, and only about 22.5 percent of those were in the state-funded system. The rest were cared for at home, or in an “informal, family child care setting.”

4. Baril, Lefebvre, and Merrigan, “Quebec Family Policy: Impact and Options.”



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Other studies show a similar result. “Fiscal simulations which compare the new regime with the previous system of tax deductions show that only the very poor and the very wealthy have gained from this reform. For households whose income is in between these two groups, there was a net financial loss. . . . 84% of parents in the wealthiest quartile of the population use childcare services while working, compared to just 51% in the bottom quartile.”⁵

THE TAKEAWAY

When fiscal realities preclude billion-dollar entitlements for both spaces and families, then cash for families is a fairer and more efficient use of public funds. Governments seeking to help parents with the early years will find that a more efficient use of funding goes to parents directly. If spaces must be funded, then follow the Finnish model. Finland offers financial support for parents directly, should they choose it, alongside government subsidies for child-care spaces. It is also worth noting that Finland has the best education outcomes in the world.⁶ This is in sharp contrast to Sweden, which offers only institutional daycare following parental leave. Funding exclusively child-care spaces is the most expensive, least efficient, and least equitable way to fund child care.

5. C. Laffèrière, “Les Garderies à cinq dollars sont-elles une aubaine?” Working Paper, Université du Québec à Montréal, 2003; and Catherine Haeck, Pierre Lefebvre, and Philip Merrigan, “Canadian Evidence on Ten Years of Universal Preschool Policies: The Good and the Bad,” *Labour Economics* 36 (October 1, 2015): 11, via Vincent Geloso, “Fact Check: NDP Lowballs Daycare Plan Costs,” Canadian Taxpayers Federation, October 2015, <https://www.taxpayer.com/media/DaycareEN.pdf>.

6. Cardus, “A Positive Vision for Child Care Policy Across Canada.”