

# QUEBEC'S INNOVATIVE EARLY CHILDHOOD EDUCATION AND CARE POLICY AND ITS WEAKNESSES

Pierre Lefebvre

Adopting a public policy perspective, family policy expert Pierre Lefebvre describes the \$5-per-day child care program in Quebec and argues that much of the current debate about the future of this policy is tainted by wishful thinking. This state of mind, he suggests, is preventing the government and parents from facing important weaknesses, notably the fact that the policy favours higher income families, is unfair to families who choose to care for their children themselves or do not use nonparental child care, and is not well suited to parents working part time or nonstandard hours. Lefebvre also observes that the services provided to children are overall of mediocre quality and insufficiently dedicated to helping vulnerable children. He observes that Quebec has always provided more support for families than have the other provinces, but that the tradeoffs brought about by the reforms that introduced the \$5 a-day-policy in 1997 lack transparency in terms of the real cost of the service and have distorted parents' child care choices. He concludes by proposing alternative measures to deal with equity and efficiency issues, among them full-day public kindergarten for four-year-olds; more flexibility and diversity in child care services; home care allowances for parents of children under the age of three who do not use subsidized child care services; and increased resources for part-day pre-school programs dedicated to at-risk children.

Selon Pierre Lefebvre, les parties au débat entourant le programme des garderies à cinq dollars en vigueur au Québec prennent trop souvent leurs désirs pour la réalité. Et il estime que cet état d'esprit empêche parents et gouvernement de reconnaître les sérieuses faiblesses d'une politique qui favorise les familles à revenus élevés, qui est inéquitable envers les familles choisissant de prendre soin elles-mêmes de leurs enfants ou de les confier à des proches, et qui convient mal aux parents travaillant à temps partiel ou selon des horaires variables. L'auteur observe en outre que les services de garde sont généralement de qualité médiocre et mal adaptés aux besoins des enfants vulnérables. Reconnaissant que le Québec a toujours mieux soutenu les familles que les autres provinces du pays, il rappelle cependant que les dispositions des réformes ayant donné naissance au programme en 1997 manquent de transparence en ce qui a trait aux coûts réels des services de garde, et qu'elles donnent de ce fait aux parents une vision déformée des choix en la matière. En conclusion, il propose des mesures alternatives pour résoudre les problèmes d'équité et d'efficacité : maternelle pour les enfants de quatre ans; services plus flexibles et plus diversifiés; indemnités de soins à domicile pour les parents d'enfants de moins de trois n'utilisant pas les services subventionnés; ressources supplémentaires pour les programmes préscolaires destinés aux enfants à risque.

Quebec's 1998 early childhood education and care (ECEC) policy — exemplified in the media and public opinion by the \$5-per-day, per-child service — is perceived as bold and innovative and has strong popular support. Not surprisingly then, the recent decision by the Liberal

government to increase the parental contribution from \$5 to \$7 by January 1, 2004 was described by commentators and supporters of the program in catastrophic terms. They predicted dire consequences: that the increase would violate Quebec's superior values in terms of solidarity and justice;

that social cohesion would be threatened; that the disparities between social groups would increase; that the varied

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social mix of children would be lost; that community democracy and social capital would diminish; that good jobs occupied mostly by women would be lost and replaced by marginal ones offered by providers supplying low quality services in the grey economy.

Unfortunately, very few of these critics have adopted a public policy perspective. What are the objectives? Are they being reasonably met? Does the policy fulfill the usual criteria of efficiency (highest benefit per dollar spent), solid social investment (high social return), positive incentives (supports desirable behaviour), fairness (equal treatment of families), and justice (equalizes opportunities among

children)? This article adopts such a public policy perspective and describes the policy on a more factual basis,

points to some of its weaknesses, and proposes some alternative measures.

Historically, Quebec has always provided more financial support for families than have other provinces. Even before the Péquistes reformed the province's family policy in 1995, total provincial family benefits amounted to \$2.6 billion annually. The sheer size of this budgetary envelope helps us understand how Quebec could introduce its \$5-a-day policy. The government merely restructured existing programs and reoriented the manner by which public support to families was delivered: monetary assistance was reduced and the focus was shifted to

in-kind assistance. Overall, public support for families increased only modestly, from \$2.6 billion in 1995 to \$3.0 billion in 2004, but the portion dedicated to child-care services rose very rapidly, increasing from 14.6 percent to 50.4 percent (from 8.0 percent to 44.7 percent for the in-kind services reserved for 0-4-year-olds). Table 1 presents these family assistance measures and their evolution from 1995 to 2004.

Probably inspired by the 1993 federal reforms and the introduction of the National Child Benefit initiative, Quebec replaced its nontaxable universal family allowance and the child's portion of welfare with a new child benefit allowance closely targeted (income-tested) to family income. This was meant to get children "off welfare." This benefit was designed to complement the federal child tax credit, since the guaranteed maximum amount per child takes into account the federal child benefit. Each time the federal benefit (base and supplement) is raised (every year), Quebec's benefit decreases accordingly. In effect almost all the increases in the federal child tax benefit since 1999 have been denied low-income families who received the provincial benefit and the funds used instead to finance child-care services.

Simultaneously, starting from September 1997, the government implemented a plan to create new child-care facilities and pay for additional daycare places. The parental contribution was set at \$5 per day per child, irrespective of family income. In the first year, the low-fee policy applied to four-year-olds; in 1998, to three-year-olds, and in September 2000, to all children aged 0-59 months (who were not in kindergarten). Currently, Quebec finances this program to the tune of \$1.3 billion. The department of education was required to contribute as well. From September 1997, kindergarten (which was not made compulsory, but almost all children of kindergarten age now attend) was extended from half-day to full-day for all children who were aged five by September. Schools were also compelled to offer

TABLE 1: SUMMARY OF THE QUEBEC GOVERNMENT'S FAMILY ASSISTANCE MEASURES, 1995-2004 (\$ MILLIONS)

Program	1995	1999	2001	2002	2004
<i>Cash (transfer/tax) benefits</i>					
Nontaxable universal family allowance	579	-	-	-	-
Nonrefundable tax credits for dependent children	773	716	637	621	625
<i>Targeted benefits</i>					
Child's portion of welfare benefits (1st and 2nd child)	465	-	-	-	-
Child benefits (targeted to family income)	-	762	540	529	507
Working income supplement (APPORT)	61	50	38	33	32
Targeted income tax reduction for families	374	235	337	319	307
Subtotal	900	1,047	915	881	846
Total	2,252	1,763	1,552	1,502	1,471
<i>Child care benefits</i>					
Refundable child-care tax credit	175	206	191	188	170
Direct subsidies to child-care services	209	615	1,020	1,206	1,326
Total	384	821	1,211	1,394	1,496
<i>Total benefits (cash and in-kind) (\$ millions)</i>	2,636	2,584	2,763	2,896	2,967
Child care benefits (%)	14.6	31.8	43.8	48.1	50.4
Direct subsidies to child-care services (%)	8.0	23.8	36.9	41.6	44.7

Sources: Fiscal expenditures estimates and budget documents, Quebec Department of Finance, various years; and Government Expenditure Plan, Quebec Treasury Board, various years.

before- and after-school child-care services at the same \$5-per-day fee, when there was sufficient demand.

Considering the tasks of finding premises and qualified providers and the delays in making new services operational, the expansion of the network was very rapid, since over five years the number of spaces doubled. Table 2 presents the evolution of the number of places in the three subsidized settings responsible for child care and the number of children aged 0-4 years. The expansion of spaces in for-profit centres was frozen, while the government favoured the creation of spaces in not-for-profit centres (centres de la petite enfance, or CPEs) and in family-based daycare (where an adult provider cares for a maximum of six children, subject to some constraints as to the number of very young children), which are supervised by the CPEs. For-profit centres with an agreement with the government could also offer child-care services for \$5 per day.

Still, many parents complain that they cannot find a place for their child (children) in subsidized child-care. It is difficult to assess whether actual needs are not being met, since the very low price paid for the services has generated a large demand for child care. But one fact is clear: not all children are in the child-care system. Table 2 shows that the number of facilities (defined as offering child-care services for 262 days a year) can only accommodate about

half the number of children aged 0-4 years in Quebec. The new government has restated the promise to create new facilities and support the target of 200,000 places by September 2005.

Parallel with the creation of new places, wages paid to educators and all types of employees in child-care centres were steeply increased and regulated after negotiations with the main unions representing them. According to wage schedules published by the ministère de l'Emploi, de la Solidarité sociale et de la Famille, in 2004 educators with recog-

For 2002-03, a not-for-profit centre (CPE) with 60 places received \$60 per day for each child aged less than 18 months and \$44 per day for a child aged 18-59 months. The value of the subsidy ranges from \$11,528 to \$15,720 per year.

nized training in child care are paid between \$13.86 and \$18.36 an hour according to their experience (from one to ten years, defined as job-based in the education or social sectors). For educators with no specific training, more years of experience compensate for training. For a person in a management job in a centre, the wage schedule starts at \$37,000 and goes to \$49,000 for 13 years of experience. The usual social benefits are attached to child-care jobs. The government has also agreed to pay a special \$50 million over four years toward a retirement fund. The increase in the number of places and the improvements brought to the working conditions of child-care providers explain the rapid increases in the public

subsidy (from \$209 million in 1995 to \$1.3 billion for fiscal year 2003-04).

These numbers could well go up. Most of the employees in CPEs are unionized with either one of the two main federations representing workers in the education sector, and union leaders maintain that educators are underpaid and that their wages do not respect gender equity (since a large majority of educators are women). They also maintain that family-based child-care providers affiliated with a CPE (currently considered self-employed persons)

should be considered employees of the centres. The current government has re-enacted and passed a law initiated by the previous government to exclude family-based child-care providers from unions.

**M**uch of the current public debate about the future of the child-care system, its financial viability and the parental contribution is tainted by wishful thinking, specifically about how to produce quality in child care, how much it will cost, the type of quality that matters for children's development, the actual level of quality in child-care services, and the effectiveness of the current system in reducing inequalities in developmental outcomes among young children from different socio-economic backgrounds.

A closer and colder look at the policy shows that it is weak on most of these counts. Some of these weaknesses could be alleviated by adding more resources, but others would require different support measures with fewer resources for the policy. I shall review some of the most important weaknesses before suggesting possible improvements.

*The lack of transparency:* Although the aggregate subsidy for the program is known, it is likely that not one parent can state correctly the value of the subsidy (per day or per year) for the place occupied by his or her child. With

TABLE 2: NUMBER OF PLACES IN SUBSIDIZED CHILD CARE (\$5/DAY) BY SETTING AND NUMBER OF CHILDREN AGED 0-4 YEARS, QUEBEC, 1997-2003

Year	Not-for-profit child care		For-profit centre	All child-care settings	Number of children aged 0-4 years, July 1
	Centre	Family-based			
1997-98	36,606	21,761	23,935	82,302	428,297
1998-99	38,918	32,816	24,964	96,698	412,161
1999-2000	44,735	44,882	24,936	114,553	397,971
2000-01	51,570	55,979	25,701	133,250	382,727
2001-02	58,525	62,193	25,882	146,600	373,191
2002-03	67,163	71,365	25,882	164,410	366,619

Sources: For numbers of spaces, ministère de l'Emploi, de la Solidarité sociale et de la Famille; for numbers of children, Institut de la statistique du Québec.

patience and an ability to interpret bureaucratic jargon, the subsidies can be approximately calculated from the 100-page document on budgetary rules posted on the Web site of the department of

Because the subsidy is in-kind and the \$1,310 yearly child-care expense deduction (that can only be claimed at the federal level) is very low, lower-income families (those with family incomes of less than \$40,000) pay more federal income taxes and receive lower federal child tax benefits when compared with similar families in the rest of Canada or compared with the previous system in Quebec.

Emploi, Solidarité sociale et famille. Here one discovers that the subsidies per day differ mainly according to the setting and the age group of the child, and that the amount paid to a child-care service is calculated per place, per day (on the basis of 262 days a year). It also takes into account the cost of the premises, general expenses, optimization (all subsidized spaces must be occupied, but children can be absent 15 percent of the time annually), and child-care and educational expenses.

For 2002-03, a not-for-profit centre (CPE) with 60 places (a typical organization) received \$60 per day for

each child aged less than 18 months and \$44 per day for a child aged 18-59 months. The value of the subsidy ranges from \$11,528 to \$15,720 per year, depending on the age of the

child. The other types of child-care services receive lower subsidies: about \$32-\$49 per day, per child, in a for-profit centre, and \$30-\$35 per day, per child in family-based care. If we assume that a child born in September enters a not-for-profit child-care centre in his or her ninth month and receives care until his or her enrolment in kindergarten (a total of 40 months), the public subsidy amounts to around \$41,000. For a child born later than September who receives care for 52 months, the public subsidy amounts to \$51,000. Comparatively, the cost of a five-year-old child in full-day kinder-

garten — with universal access — was \$4,749 in the school year 2001-02. On that basis, the cost of a full-day space in a junior kindergarten within the school system, with a ratio of two educators for twenty children, would be only \$6,137 (this would not, however, cover the summer months).

The dynamics of the program, partly imposed by the government (wages schedules, spaces creation) and partly generated by the large increase in the demand for the services has prevented the government from considering other types of programs in favour of families with young children. It is also likely that the in-kind subsidy received by families and the low yearly parental contribution of \$1,310 (a child must be enrolled for five days a week to be guaranteed place) relative to the real cost of the service have distorted parents' child-care choices. Many families, given the choice between subsidized child care and cash transfers, would likely have chosen the second option and opted for other care arrangements, especially for their infants and toddlers.

TABLE 3: CHILDREN BY FAMILY TYPE AND INCOME, CHILD-CARE USE AND MODE, 1-4 YEARS, QUEBEC, 2000-01

In two-parent families				In single-parent families			
Family income category	Children in income category (%)	Children in income category in child care <sup>1</sup> (%)	Children in subsidized child care <sup>2</sup> (%)	Family income category	Children in income category (%)	Children in income category in child care <sup>1</sup> (%)	Children in subsidized child care <sup>2</sup> (%)
\$10,000-\$20,000	2	n.s.	n.s.	\$10,000-\$15,000	26	22	11
\$20,000-\$30,000	8	40	4	\$15,000-\$20,000	16	71	27
\$30,000-\$40,000	16	49	14	\$20,000-\$30,000	26	41	27
\$40,000-\$50,000	14	49	11	\$30,000-\$40,000	17	85	22
\$50,000-\$60,000	11	66	13	\$40,000+	15	34	13
\$60,000-\$80,000	27	76	30				
\$80,000+	22	82	28				
Number of children (% of total)	340,339 (100)	216,217 (64)	122,522 (36)		53,707 (100)	25,534 (47)	13,706 (25)

Source: Author's calculations based on NLSCY micro-data, cycle 4.

n.s.: Too few observations to be statistically significant.

<sup>1</sup> Family currently using child-care services for work or study.

<sup>2</sup> Regulated family-based and centre-based childcare.



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Delegates of the Confederation of National Trade Unions (CSN) demonstrate about salary equity and child daycare centres in January in front of the legislature in Quebec City.

*One size fits all:* The Quebec model of child-care services implemented during the last seven years is very “one-dimensional,” in the sense that it serves well the needs of parents working full-time, five days a week with a standard working schedule. Parents working part-time or with nonstandard hours and those with intermittent employment are excluded from the system.

*Inequity:* Families with young children who choose to care for their children themselves or do not use nonparental child care, even though they are employed part time or full-time (parents who coordinate their working time), are not treated equally. The value of the subsidies attached to in-kind child care is not matched by the other forms of family support for families caring for and educating their children or using other types of child care, such as part-time or full-time, family, home-based care. Even though there is a generous provincial refund-

able tax credit based on family income for child-care expenses, it is not sufficient to match the subsidies offered to families using \$5/day child care.

In addition, because the subsidy is in-kind and the \$1,310 yearly child-care expense deduction (that can only be claimed at the federal level) is very low, lower-income families (those with family incomes of less than \$40,000) pay more federal income taxes and receive lower federal child tax benefits when compared with similar families in the rest of Canada or compared with the previous system in Quebec (federal deduction and provincial refundable credit for child care).

*Bias toward higher income families:* There is strong evidence from various large data sets with information on child-care uses, labour force patterns and family income (the National Longitudinal Survey on Children and Youth, the Longitudinal Study of Child Development in Quebec, the Survey of

Household Spending, and the Survey on Labour and Income Dynamic) that a very large majority of children in subsidized child-care services are from families in the upper income categories. Table 3 shows that in 2000-01, 64 percent of all children aged 1-4 years in two-parent families were in a child-care service. But the proportion of children attending daycare rises steeply with family income, and children from more affluent families are over-represented. For instance, 58 percent of children attending daycare (in the subsidized settings) were from two-parent families with incomes higher than \$60,000. But these children count for only 49 percent of children in Quebec. In contrast, children whose family income is lower than \$40,000 represent 26 percent of all children but account for only 18 percent of all the children using subsidized child-care services. The same asymmetric distribution is apparent for two-parent and single-parent families.

**Vulnerable children:** Most young children from very low-income families or families on welfare do not benefit from subsidized child care, even though it is precisely these families who could benefit most from ECEC. Quebec did not sign the 2000 Early Childhood Development Agreement; nonetheless it will receive \$520 million over the years 2001-06. The 2003 federal budget announced that \$985 million would be added to these transfers, with Quebec's portion at \$210 million. To date, the provincial government has not made public which early childhood development activities or investments in young children were financed or committed to, apart from the \$5-per-day program, out of the federal transfers. Too few programs and resources are dedicated specifically to helping vulnerable children and families.

**Intensity of nonparental care:** In the past, mothers in Quebec always had a lower labour force participation rate, worked fewer hours and earned less income than mothers in the rest of the country. Now, according to preliminary results from our research (using labour market data from 1993 to 2001 for mothers with at least one child aged 0-12 years), since 1997 the rate of participation in the labour force of mothers with children aged under five years has increased more in Quebec than in the rest of Canada. One disturbing fact is that, concomitant with this evolution, the intensity of child care (number of hours per day a child is in nonparental care) among very young children (less than three years) has increased significantly in Quebec compared with the other provinces. In other words, it seems that the low-price policy for services encourages intensity of child care. The scientific literature on the developmental effects of child care suggests that too much nonparental care may be detrimental to the very young.

**Mediocre quality of care provided:** Over the years 2000-02, the Longitudinal Study of Child Development in Quebec conducted on-site evaluations of the

quality of the different settings where children aged 30 to 48 months were cared for, using well-known instruments. Data from the 1,188 evaluation visits show that the majority of settings (59 percent of not-for-profit and 53 percent of for-profit centres) scored rather low on a scale from inadequate (1) to excellent (7). Although not-for-profit centres are of better quality than for-profit centres, about only one-third of the not-for-profit centres (34 percent) are of good quality (5 or more on the scale), whereas only 7 percent of the for-profit centres were of good quality. About one-third of the for-profit centres (34 percent) are of poor

Also disturbing from this survey is the evidence that socio-economically disadvantaged children are more likely to be cared for in poor quality services than are children from more affluent families. Children from low-income or less-educated families may be "triply" disadvantaged by being less likely to receive stimulating care at home, less likely to be enrolled in educationally oriented care outside the home and more likely to be receiving low-quality service when they are in child care.

quality (1 on the scale), whereas only 7 percent of the not-for-profit centres have this rating. Also disturbing from this survey is the evidence that socio-economically disadvantaged children are more likely to be cared for in poor quality services than are children from more affluent families. Children from low-income or less-educated families may be triply disadvantaged by being less likely to receive stimulating care at home, less likely to be enrolled in educationally oriented care outside the home and more likely to be receiving low-quality service when they are in child care.

Quebec's family policy suffers several weaknesses but the aura that surrounds it seems to be preventing a

real debate from occurring and serious consideration being given to measures that could improve the ECEC content of the policy. It is to be hoped that the Charest government won't be satisfied with raising the parental contribution by a few dollars and will undertake a review of the policy to deal with the equity and efficiency issues.

The following measures, developed by Philip Merrigan and myself in a June 2003 essay (*IRPP Choices*) on the family and public policy, would go a long way toward achieving these improvements in Quebec and would also benefit all children in Canada: 1) provide full-day public kindergarten for all four-year-olds; 2) guarantee more flexibility and diversity in child-care services (e.g., specific subsidies for part-time services); 3) enhance maternity and parental leave provisions and extending them to nonbeneficiaries of employment insurance (which implies non-subsidized child care for infants aged under one year); 4) offer the option of home-care allowances for parents of children under the age of three who are not using subsidized child-care services; 5) provide more resources for part-day pre-school programs dedicated to at-risk children, emphasizing early language development and parental involvement and offering comprehensive services; 6) provide a more level playing field in terms of subsidies for the various child-care settings, and for family-based, subsidized child care, a lower ratio than one educator for six children; 7) collect a fair contribution, indexed to inflation, from those parents who use subsidized child care; and 8) make periodic on-site assessment of the quality of child-care services.

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