

Quebec's Childcare System

Public address

Fredericton Convention Centre

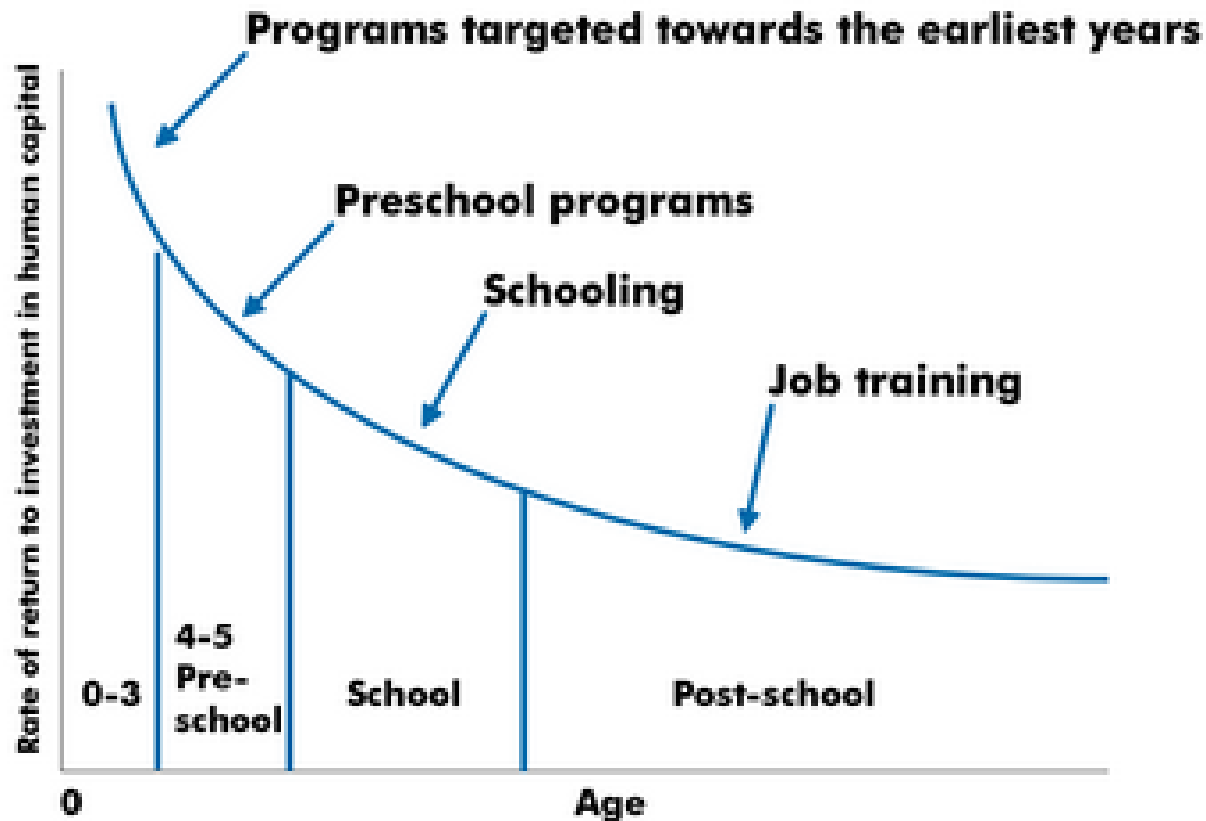
November 4, 2015

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The Heckman curve



Quebec's Family Policy

- Reduced-fee educational childcare for 0-to-4 children
- Full-day kindergarten for 5-year-old children
- Before and after-school daycare at \$8/child/day
- Provincial child benefit beyond federal CCTB/UCCB
- Provincial parental insurance plan enhancing the federal EI-based parental leave benefit
- Also: pay equity, minimum wage, work premium
- Basic principle: connect family policy with participation in labour market

What does ECEC policy aim for?

- **Three basic objectives:**

- 1) foster the development and well-being of our 0-to-4-year-old children**
- 2) help parents reconcile their parental and professional duties**
- 3) increase the long-term financial autonomy of women**

- **To make everyone richer (including governments) is not a goal of ECEC, but it has nevertheless been an outcome of the Quebec program, however initially unexpected**

Where were Quebec's 0-to-66-month-olds in 2014?

	<u>Number</u>	<u>Percentage</u>
1) Reduced-fee centres	225,000	46
-- CPE	88,000	18
-- Family-based	92,000	19
-- Private	45,000	9
2) Commercial centres	49,000	10
3) Parental/informal	218,000	44
<u>All 0-to-66-month-olds</u>	<u>492,000</u>	<u>100</u>

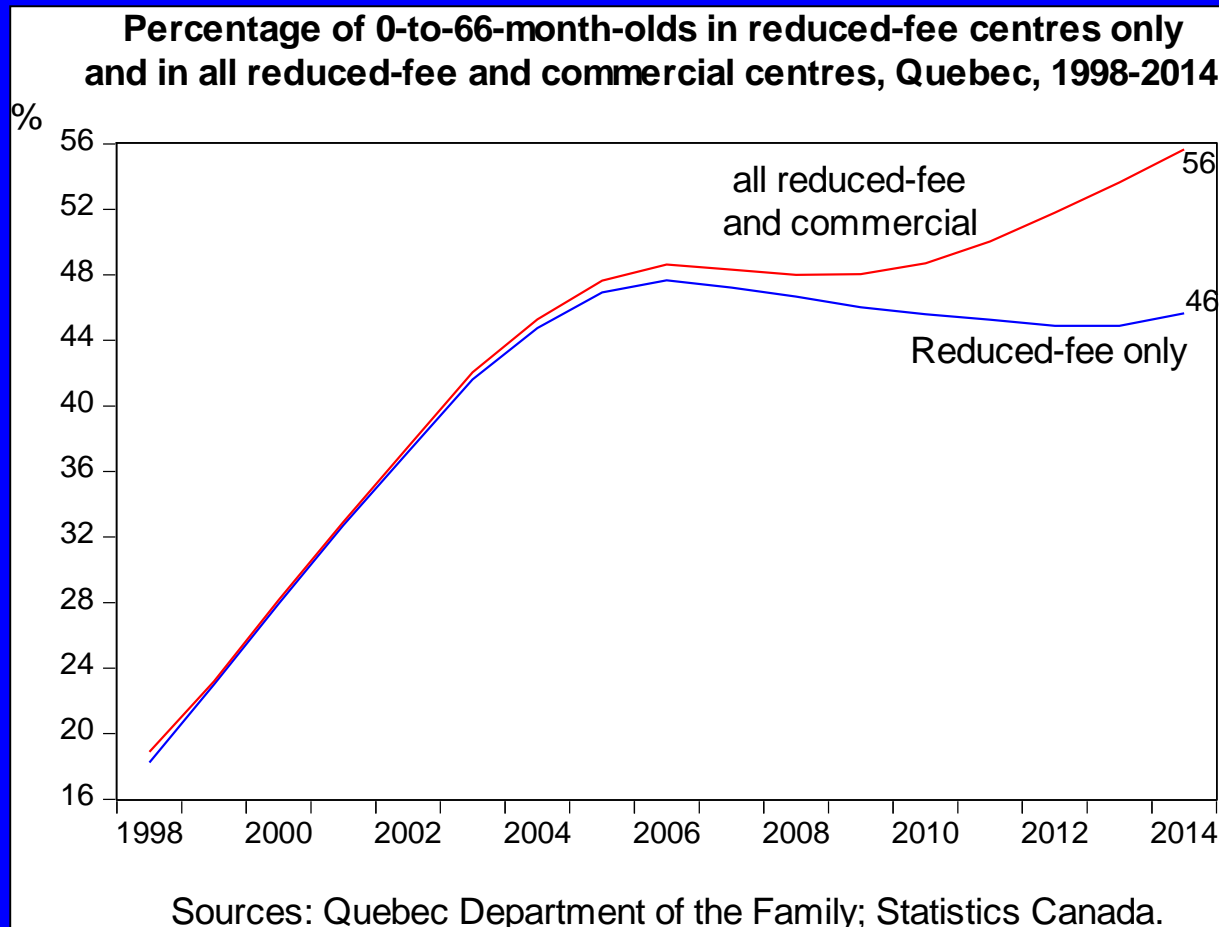
Net daily cost of centre-based childcare

	<u>Reduced-fee</u>		<u>Commercial</u>
	<u>Before 04/2015</u>	<u>Since 04/2015</u>	
1 Payment at the gate	\$7.30	\$7.30	≈\$35
2 Additional payment via provincial income tax	No	Between \$0 and \$12.70	No
3 Provincial refundable child care tax credit	No	No	Yes
4 Federal income tax deduction	Yes, on \$7.30	Yes, on \$7.30 to \$20	Yes, on \$35
5 Increase in federal transfers due to lower family income	Yes	Yes	Yes
6 Final net daily cost	1-4-5	1+2-4-5	1-3-4-5

What was the total cost to the provincial government in 2014?

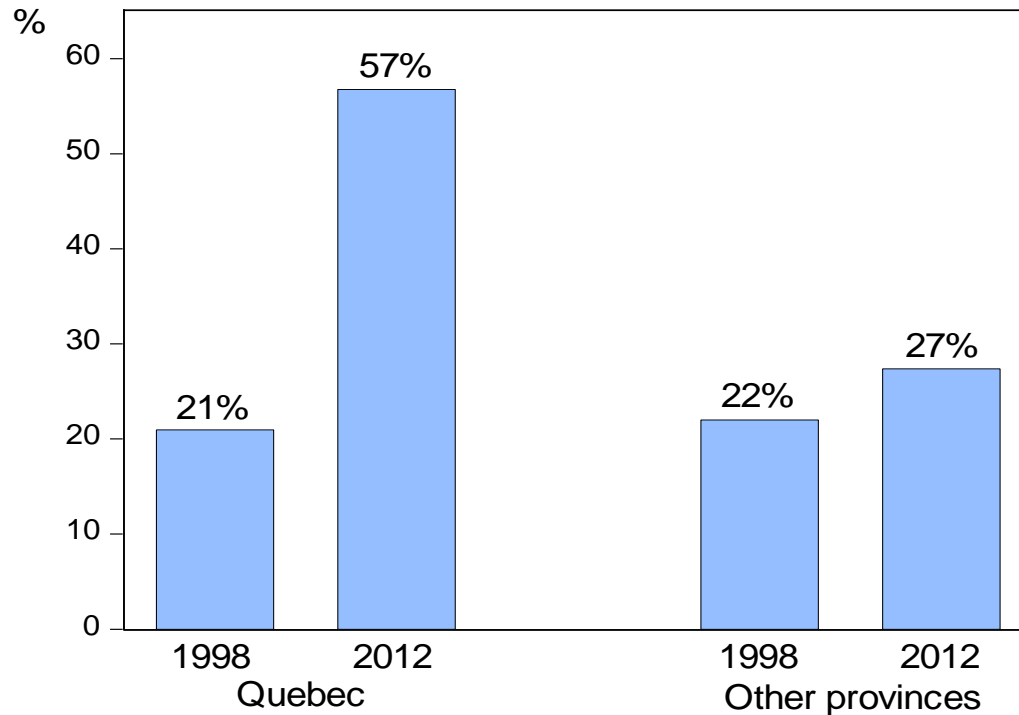
1) Direct subsidy to reduced-fee centres	\$2.4bn
2) Cost of the provincial RTC to users:	\$0.4bn
a) of commercial centres	\$0.3bn
b) of informal care	\$0.1bn
<u>Total cost to Quebec City</u> (which is 0.7% of GDP)	<u>\$2.8bn</u>

The percentage of 0-to-66-month-olds in childcare centres has risen spectacularly



Twice as many preschoolers in childcare centres in Quebec as in other provinces

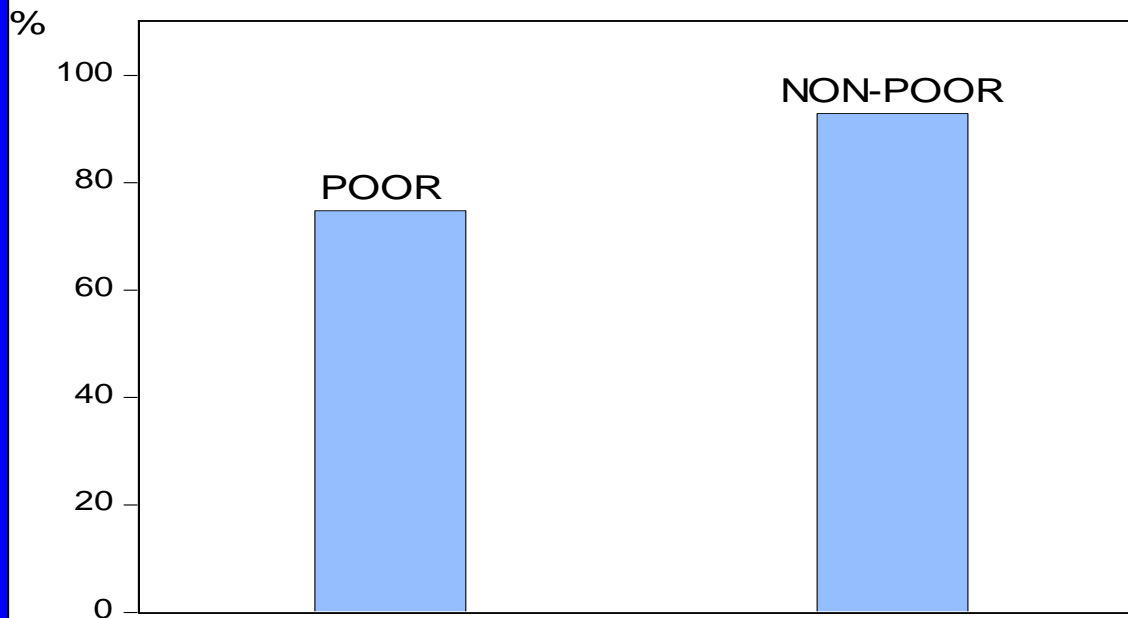
Total number of centre-based childcare spaces available as a percentage of 0-to-4-year-olds in Quebec and other provinces in 1998 and 2012



Sources : Childcare Resource and Research Unit ; Statistics Canada.

Participation of children from lower-income families in regulated care is lower but not too much

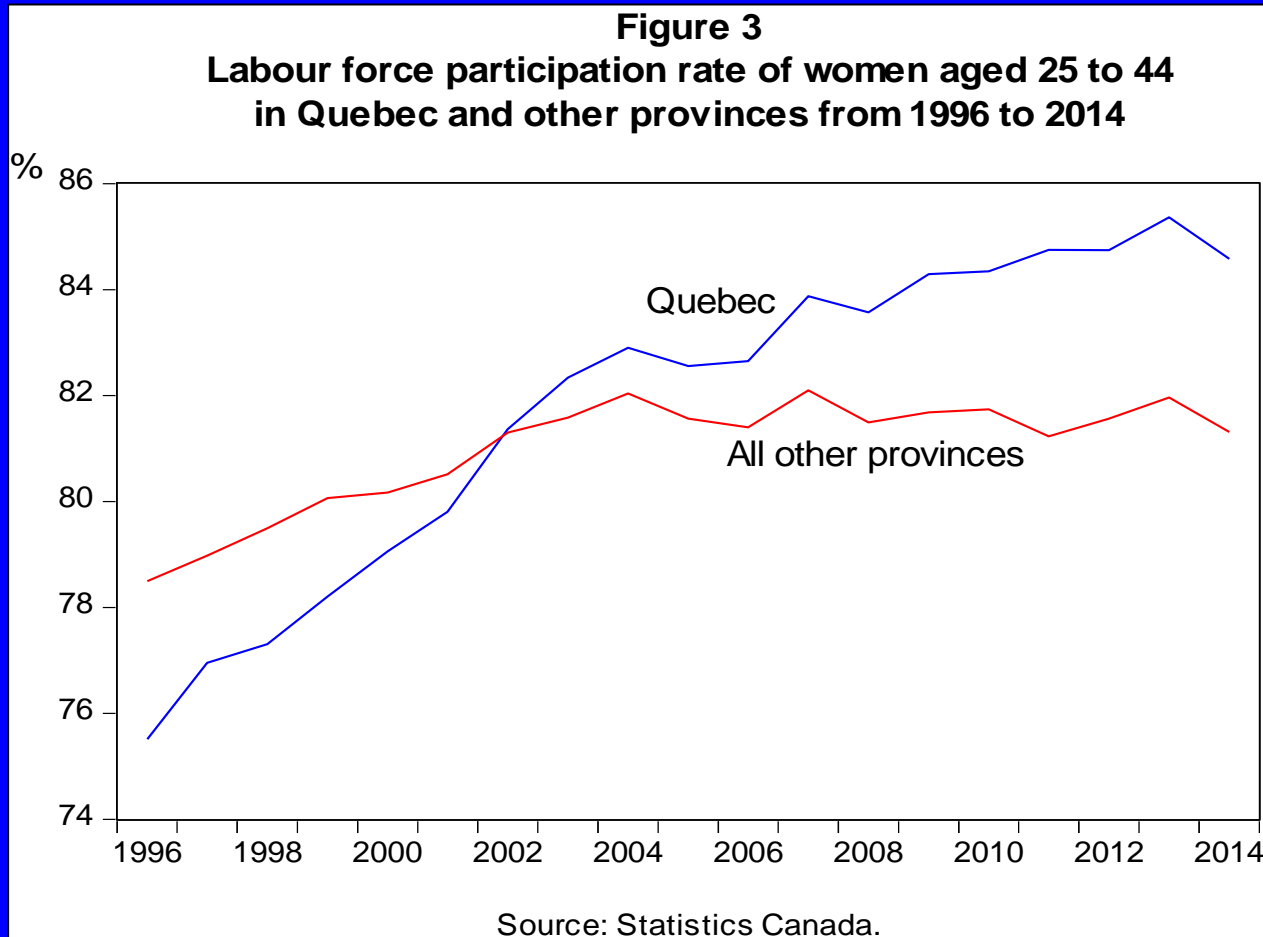
Percentage of 2011-2012 Montreal kindergarten children from poor and non-poor families who had attended a reduced-fee or a commercial childcare centre regularly in at least one period



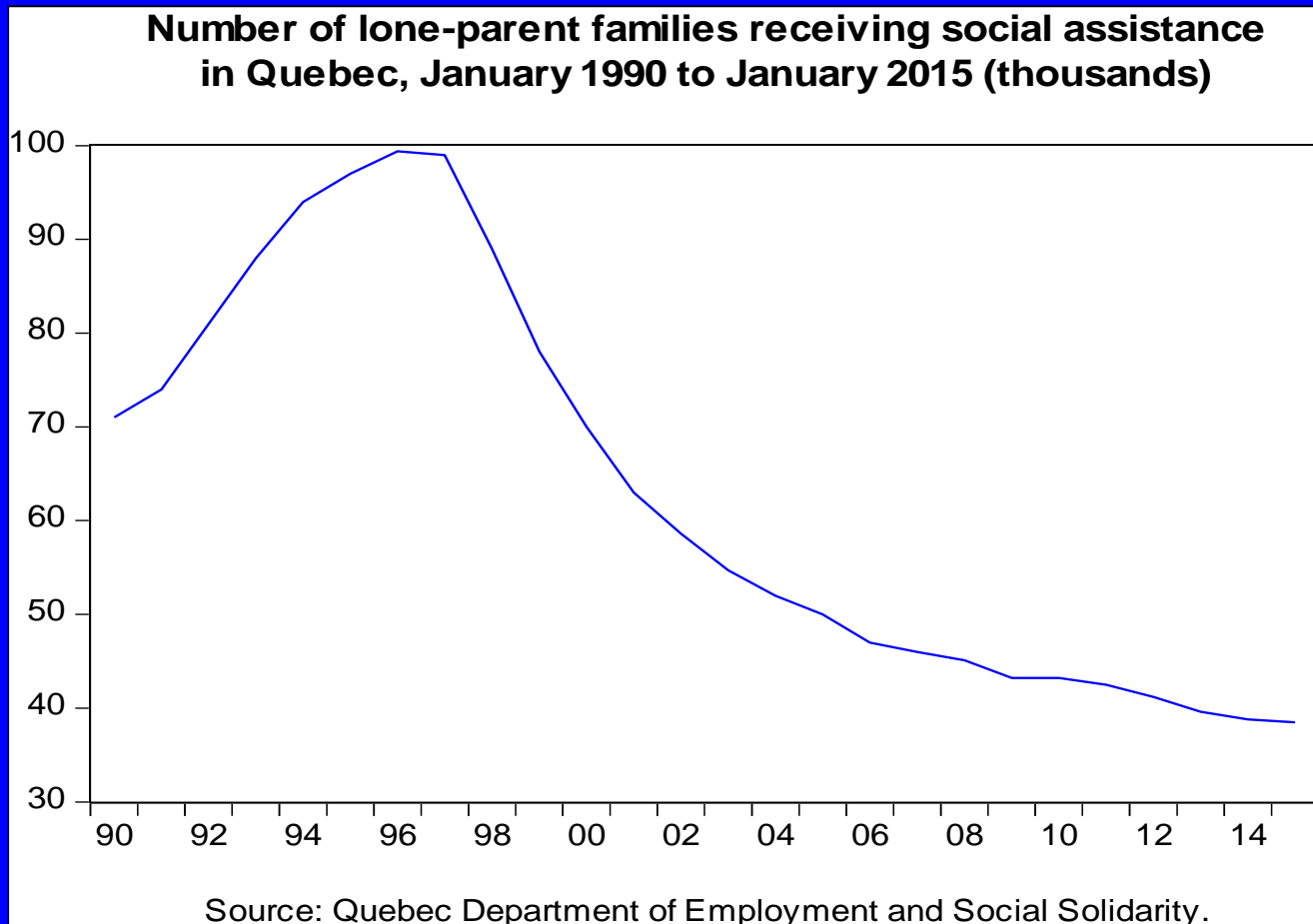
Note: The poverty line is based on Statistics Canada's 2011 low-income cut-offs adjusted for family size (e.g., \$43,000 for a family of 4 persons).

Source: Guay et al. (2015).

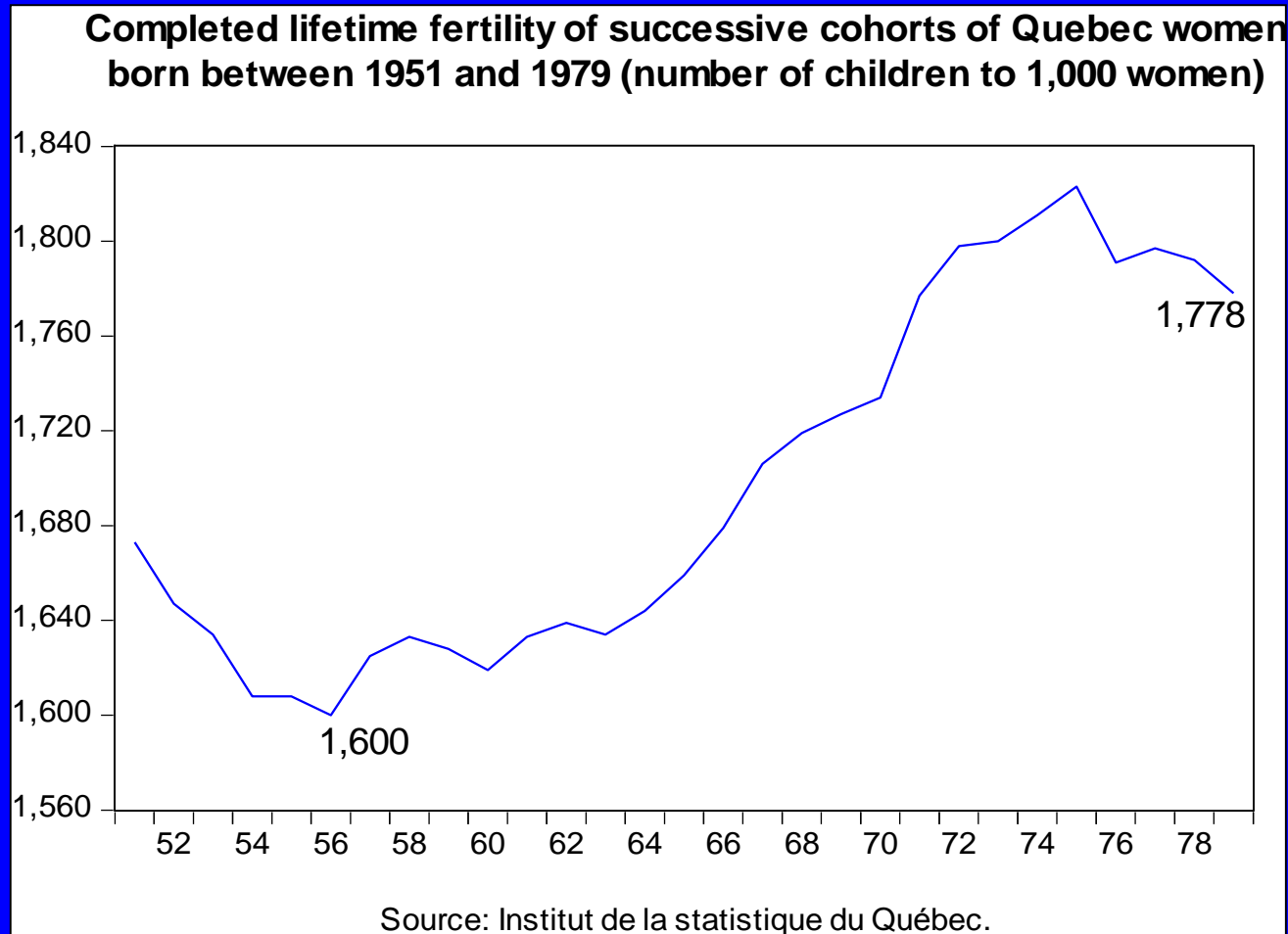
Quebec women have joined the labour force *en masse*



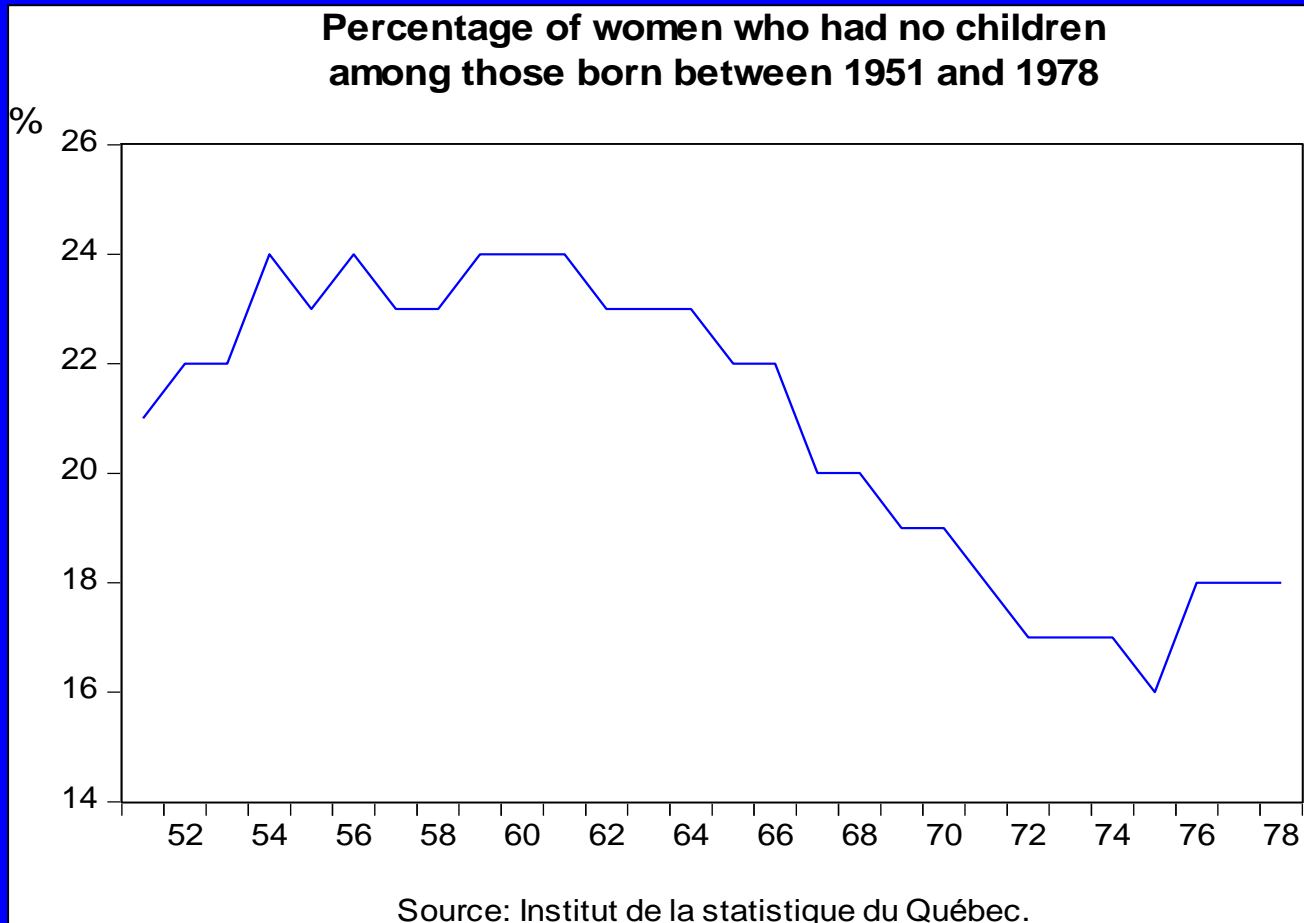
The number of lone-parent families on welfare has declined by 60%



The completed lifetime fertility of recent cohorts has increased



The percentage of women who have no children has declined too



The low-fee system is very popular

- **In 2009, 92% of users of reduced-fee child care services said that the system fully satisfied their preferences**
- **Further, 47% of users of non-subsidized child care services said that they would prefer having access to a subsidized facility**
- **Two implications follow:**
 - 1) **Being so popular, EC2 is there to stay**
 - 2) **Supply of spaces still falls significantly short of demand (by 30,000 spaces, perhaps)**

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

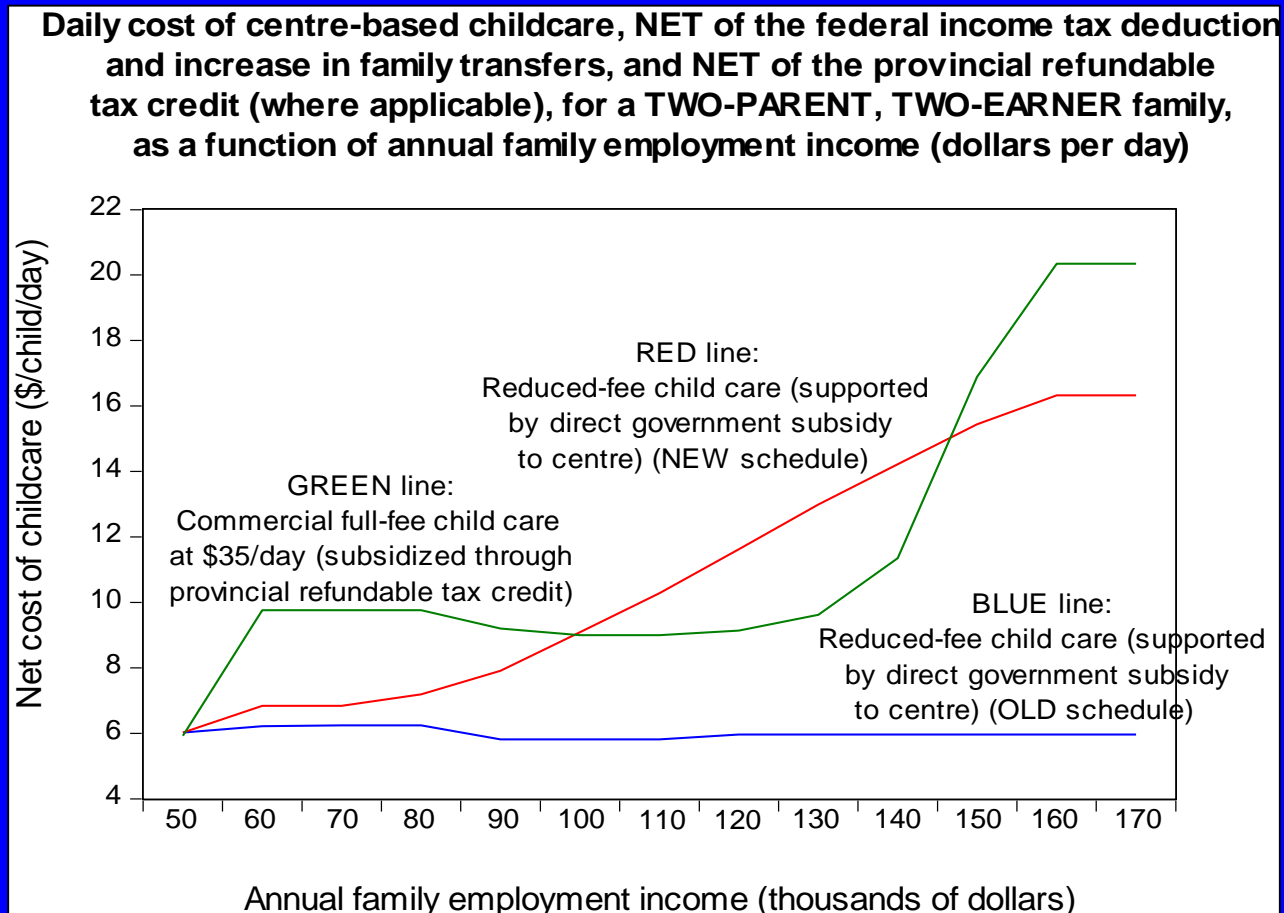
- **Microeconometric research with longitudinal survey data was conducted at Toronto, UBC, MIT and UQAM**
- **Tallying up and extending their results (for 2008), our UQAM-Sherbrooke team has found that:**
 - **women's employment was up by 70,000 (3.8%)**
 - **Quebec's GDP was up by \$5.1bn (1.7%)**
 - **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 in 2008 (\$1,800 million) 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

In April 2015, the reduced-fee schedule was made progressive with family income



What is the government up to?

- It wants to contain the cost of the system by making it cheaper to use a commercial centre relative to a reduced-fee centre
- There are three consequences:
 - 1) middle-class users of reduced-fee centres are paying more
 - 2) the government saves money for every family who prefers to go to a commercial instead of a reduced-fee centre
 - 3) average quality of educational care will decline because quality is significantly lower in commercial centres

Children who have attended a CPE do much better later than those who have not

- In all provinces, indicators of quality of education and care are significantly greater for nonprofit centres (such as CPEs) than for commercial for-profit centres (Cleveland and Krashinsky 2009; Bigras et al. 2010; Cleveland and Bigras 2015)
- In particular, Montreal kindergarten children from low-income families who have attended CPEs do 2 to 3 times better in cognitive and noncognitive performance than those who have not (Guay, Laurin and Bigras 2015)
- These results are similar to those obtained by programs such as Perry, Abecedarian and Head Start in the U.S.

What about Baker-Gruber-Milligan study?

- As evidence on the effects of the ECEC system, Baker, Gruber and Milligan (2015) have used the NLSCY to show that noncognitive indicators have deteriorated on average among 0-4 Quebec children since 2000, and that these negative effects have persisted into the school years

- There are three reasons to be skeptical about their conclusions:

- 1) Attributing to ECEC the negative effects found to affect all Quebec children of relevant years and cohorts is an unwarranted jump of logic – these Quebec-wide effects could be due to other causes

- 2) Lebihan, Haeck and Merrigan (2015) use the same data as BGM, but are careful to follow the children by single year, cohort and intensity to take account of the rising maturity of the ECEC system over time

They find a) that the BGM-type negative effects disappeared after 2005-2006, b) that they did not persist into school years, and c) that they were mainly associated with children of highly-educated parents

- 3) The results obtained by Guay, Laurin and Bigras (2015) constitute confirming evidence that LHM are closer to the truth than BGM

End-word

“Early interventions promote economic efficiency and reduce lifetime inequality”

James Heckman