

New support for the economic benefits of universal child care^[1]

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Source: [Childcarepolicy.net](https://childcarepolicy.net)

Format: Article

Publication Date: 30 May 2024

AVAILABILITY

Access online^[2]

Excerpts

Sebastien's main conclusions?

- The importance of the supply of child care services has been underrated. Greater supply of child care – availability – is as important as improvements in affordability. In Quebec, the regions that had the largest increases in child care supply had the biggest impacts on mother's employment and increased child care use. Lowering fees without increasing coverage has modest effects on the benefits to families. The bottom line: increasing local child care supply is key to the effectiveness of child care reforms.
- The economic benefits from improved maternal labour supply in Quebec have been well studied and Sebastien confirms them. But, there are very substantial non-monetary benefits for mothers too. Think of this as work-family balance, things like the reduced search time for child care, the shorter distances that have to be travelled each day when child care is much more available and affordable.
- When all the benefits are summed, benefits total more than 3.5 dollars of benefit per dollar of net government spending – more than twice the benefit that comes from looking only at increased mothers' earnings.
- Earnings gains for mothers impacted by Quebec's child care reforms are concentrated in the fifth through the eighth decile of income. In other words, many of the fiscal benefits to governments of a universal child care reform come from mothers who can earn moderate to reasonably high incomes. These are mothers who will not be reached by a targeted approach to child care spending. A universal approach may therefore be more fiscally responsible than targeted child care initiatives.

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In particular, in regions where child care supply expanded more, the child care reforms boosted mothers' labour force participation by 40% more than in other regions

Further, Sebastien finds that mothers with low levels of education also respond more in these regions with high levels of expansion.

Results suggest that for high educated mothers with a post-secondary qualification, the main incentive to take up employment was the fee reduction. For mothers without a post-secondary qualification, access to a space was key.

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