

# Quebec's child care scheme pays for itself, economist <sup>[1]</sup>

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## EXCERPTS

Governments that say they can't afford to invest in affordable child care are wrong, says a Montreal economist who is releasing a new analysis of Quebec's popular \$7-a-day program Wednesday.

After 12 years, the Quebec scheme more than pays for itself through mothers' annual income and consumption taxes, says Pierre Fortin, an economics professor at the University of Quebec at Montreal.

For every dollar Quebec invests, it recoups \$1.05 while Ottawa receives a 44-cent windfall, he says.

"The argument can no longer be that governments cannot afford it. This program is paying for itself. It is self-financing. That is the main finding," says Fortin, who is in Toronto to attend an economic forum on child care at the Ontario Institute for Child Studies.

Quebec introduced publicly funded all-day kindergarten for 5-year-olds in 1997 with \$5-a-day after-school care in every school where families requested it.

It began offering \$5-a-day daycare for 4-year-olds in 1998. Each year another age was added and by 2000 all children from birth to age 5 were included. The daily parent fee rose to \$7 in 2004. About 50 per cent of children under age 5 are enrolled in the program.

By 2008, about 70,000 more women with young children had entered the workforce who would not otherwise have been working, a 3.8 per cent increase, Fortin found. The ripple effect of their employment pumped an additional \$5.2 billion into the Quebec economy, boosting the province's Gross Domestic Product by 1.7 per cent.

The increased economic activity, which includes mothers' income and consumption taxes, more than covered the province's \$1.6 billion annual child-care costs that year. (The province subsidizes each spot by about \$10,000 annually.) And it poured more than \$700 million in additional revenue into federal coffers.

If a similar program existed in Ontario, it would send another \$1.2 billion to \$1.3 billion to Ottawa, Fortin estimates.

"It's money the federal government gets free," Fortin says. "This is why we say the federal government should make a contribution to Ontario and other provinces."

Previous cost-benefit studies of Quebec's \$7-a-day daycare looked only at mothers' income taxes and lower government transfers and pegged the benefits at 40 cents for every dollar spent, Fortin says.

But those studies neglected to include the economic impact of working mothers' increased purchasing power, including increased consumption taxes, investment and corporate taxes, he says.

In 2010, Ontario began phasing in all-day kindergarten for 4- and 5-year-olds. By 2014 every school will offer the program, expected to cost about \$1.5 billion annually. However after-school and holiday care - originally expected to be part of the initiative - have been slow to materialize and are expected to cost parents more than \$20 per day.

There has been little child-care expansion in Ontario since the Harper government axed the previous Liberal government's \$5 billion national plan in 2006.

More than 18,000 Toronto families are waiting for child-care subsidies. A recent Toronto mother's task force found that even families that can afford fees that run as high as \$75 a day for infant care, there is a scramble to find space in regulated child-care centres.

- reprinted from the Toronto Star

**Region:** Quebec <sup>[2]</sup>

**Tags:** economics <sup>[3]</sup>

funding <sup>[4]</sup>

mother's labour force participation <sup>[5]</sup>

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