

Quebec's subsidized child care pays for itself ^[1]

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EXCERPTS

Subsidized or free childcare is quickly dismissed by governments in the United States and many other countries. It's too expensive, they say. People don't want their taxes raised. Child-free individuals or stay-at-home parents by choice do not want their tax dollars to be spent on child care for other people's children. That is just the beginning of the arguments that are made against finding a solution that will allow more mothers to go back to work and help families get out of poverty. However, new economic analysis coming out of Quebec shows that those are moot points - subsidized day care pays for itself and even provides a healthy return on the investment.

Day Care Subsidy Allows More Women to Go Back to Work

The province of Quebec in Canada introduced free public all day kindergarten in 1997, then introduced a subsidized day care program for younger children in 1998. The program initially offered day care spaces for \$5 per child per day and the fees were later increased to \$7 per day. Currently, Parent Central reports that around half of Quebec children under the age of five are in the subsidized day care system. The subsidy provided by the government amounts to around \$10,000 annually per day care space.

The cost for non-subsidized day care spaces runs about 5 to 10 times as much as the subsidized spaces. Essentially, before the subsidized day care program, it made financial sense for both parents to work only if they both had high salaries. For low income families or families with one high salary and one low salary, there was little benefit in both parents working. After the subsidized system was introduced, it made financial sense to have both parents working in almost all families.

In most families the mother earns less money than the father. As a result, the introduction of the subsidized day care system made it possible for a lot of women, who would otherwise have stayed home with the children, to continue their careers. This resulted in a significant increase in maternal workforce participation. According to Parent Central, by 2008 (10 years after the program was introduced), there were an additional 70,000 women with young children in the workforce, which represents an increase of 3.8 percent.

Day Care Subsidy Also Gives Quebec an Economic Boost

A new study by University of Montreal economics professor Pierre Fortin found that Quebec's subsidized day care system more than pays for itself due to increased income and consumption tax revenue.

Parent Central reported on the study and noted that for every dollar that the government of Quebec invests in subsidized day care, it wins back \$1.05; the federal government also benefits through the receipt of \$0.44. Essentially, Quebec taxpayers are getting \$1.49 back for every \$1.00 spent on subsidized day care. I wish my investment portfolio did that well.

Beyond the tax considerations, Fortin also found that increased maternal workforce participation in Quebec gave the province's Gross Domestic Product a 1.7 percent boost.

Time for Ontario and the Rest of Canada?

The Government of Canada and the governments of several provinces have been exploring options for universal subsidized day care for quite some time. The Government of Ontario has introduced public junior kindergarten and is currently transitioning to public full day kindergarten for both the junior kindergarten (4 year olds) and senior kindergarten (5 year olds). According to Fortin's study, if Ontario introduced a subsidized day care system similar to the one in Quebec, the program would result in an additional \$1.2 to 1.3 billion being sent to the federal government each year. That could amount to an average \$100 tax break per person in Ontario or an increased investment in other services (e.g. education, health care).

Non-Financial Considerations

Beyond the financial concerns, a lot of people worry that subsidized child care will result in increased pressure on families when both parents working. If additional supports are put in place for working parents, does that mean that it becomes less acceptable to be a stay at home parent? Are there then fewer supports available to stay-at-home parents, such as playgroups or other parent and tot activities? Do parents who choose to stay at home then become the exception, rather than the rule (much like homeschooling parents are for school-aged children)? These are all important questions that will need to be examined over time.

Although we live in Quebec, we opted not to use the subsidized child care system. We kept our children at home until they were three years old and then they entered a preschool of our choice that was not part of the subsidized system. My partner took our children to playgroups when they were little and he did meet other stay at home parents. However, I have noticed a shift in attitudes in Quebec, where

it is almost expected that mothers will take their year of maternity/parental leave and then go back to work when their baby is one year old. That appears to be the societal norm and I think a lot of families end up doing that by default, rather than because they have deemed that to be the best choice for their family.

Needed Incentive?

Will these positive economic findings provide other governments the incentive they need to consider implementing a subsidized day care program?

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