

CHILD CARE VOUCHERS: WHAT DO WE KNOW ABOUT THEM?



What are child care vouchers?

A voucher is one kind of what are called 'demand' subsidies. Demand subsidies provide financial assistance by using public funds to increase parents' purchasing power in the private child care market; in contrast, 'supply' subsidies provide financial support directly to child care programs to enable service delivery. Canadian versions of 'demand' subsidies include the Child Care Expense Deduction, the Dependant Care Allowance, and allowances and vouchers connected with Ontario programs like Employment Support Initiatives (ESI). Examples of 'supply' subsidies include direct operating and wage enhancement grants. Ontario's version of a fee subsidy can be viewed as somewhere between a demand and a supply subsidy. Although it is paid on behalf of the parent, several conditions and constraints are attached; it fits within an infrastructure that includes purchase of service agreements, per diems, and, in some cases, local quality criteria.



Where are child care vouchers used?

Child care vouchers and other demand subsidies are used extensively in the United States. In contrast, in the countries of the European Community, supply subsidies directly fund child care services. There are a few examples of demand subsidies in Europe; for example, France makes some funds available directly to parents regardless of income in addition to the publicly-funded centre-based and family day care systems. In the United States, the use of child care vouchers grew during the Reagan era when the federal government "featured the desirability of decentralization, deregulation,...and privatization" (Kahn & Kamerman, 1987, p. 93). Meyers states that the "emphasis on privatization has profoundly altered public financing for child care" (Meyers, 1990, p. 562), and that "...the shift towards privatization in [child care was] accompanied by a reduction in...child care standards, monitoring and enforcement" (Meyers, 1990, p. 567).



Are child care vouchers effective?

Effective for what? When considering "effectiveness," it is important to ask "what is child care for?" In Ontario, regulated child care has been treated as a child development program since the wartime day nurseries were established during World War II; the provincial government involved child development experts from the Institute for Child Study in the design of the programs and development of the first Day Nurseries Act in 1946. Since that time, Ontario's child care policy, while never adequate, approached child care as child development programs that, simultaneously, permitted parents to participate in the workforce. Using vouchers makes it difficult (if not impossible) to ensure delivery of child care as a child development service because public funds spent on vouchers cannot be accounted for as expenditures on child development.

"...No definitive evidence exists that vouchers achieve the greater economy-efficiency and quality effects announced by their most ardent proponents..." (Kahn & Kamerman, 1987, p. 57). American research investigated the impact of implementation of a new statewide voucher program on quality, price and supply of child care. The study included pre- and post-test measures, and a comparison group of fee subsidy parents. The research concluded that "at best, vouchers had no effect on the price, supply, and quality of day care, and at worst, they worked in the opposite direction" and that "many risks accompany the use of vouchers" (Parker, 1989, p. 641).



The ideological context of "demand" subsidies.

Cameron (1992) suggests an ideological framework for child care that places it in a "public good" or "market commodity" context. Appropriate instruments associated with a public good view of child care are supply subsidies, regulation, and non-profit delivery. In contrast, a market commodity perspective of child care suggests targeted funding delivered through demand

subsidies, deregulation, a reduced role for government, and private responsibility for child care. The concept of vouchers, like other demand side subsidies, is consistent with a market view of child care.

A central concern about child care vouchers is that, usually, few conditions are attached to them. However, even a model that places some constraints on how a voucher is spent (for example, a requirement that receipts be obtained from the caregiver or that the voucher is spent in regulated settings) presumes that the free market is an appropriate instrument for developing and maintaining child care services. The European Union's Child Care Network comments that "...a free market model assumes well-informed parents who are able to shop around and purchase a 'best buy'... We have concluded that the free market model is a crude and dogmatic model for achieving quality... It assumes that more choice is necessarily better choice, however limited the options available" (European Commission Child Care Network, 1990, p. 10).

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What about parental choice?

Vouchers are often suggested as a mechanism that improves parental choice in child care. However, families are selective in their child care choices, and certain characteristics of families are associated with better, or poorer, choices. Studies in the U.S. and Canada have found that families characterized by lower levels of economic, educational, and personal resources choose poorer quality child care; Goelman and Pence (1987) call this the "worst of both worlds situation". Other research has shown that parents as consumers may be inattentive to the basic elements of care, and are likely to overrate its quality (Brown, 1985).

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