

# **Québec Childcare at 25: Economic Takeaways**

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# Québec's Educational Childcare Act of 1997

- **The Educational Childcare Act of 1997 initiated a low-fee universal program with three explicit objectives:**
  - 1) to improve work-life balance**
  - 2) to enhance child development**
  - 3) to foster equality of opportunity**
- **It was thought that, regardless of employment, marital or income status, all parents should have access to low-cost spaces for their 0-5 preschool children**
- **After 25 years, a lot of progress has been made toward the three objectives, but there is still some way to go, mainly on the last two**

# Four types of available licensed spaces (2023)

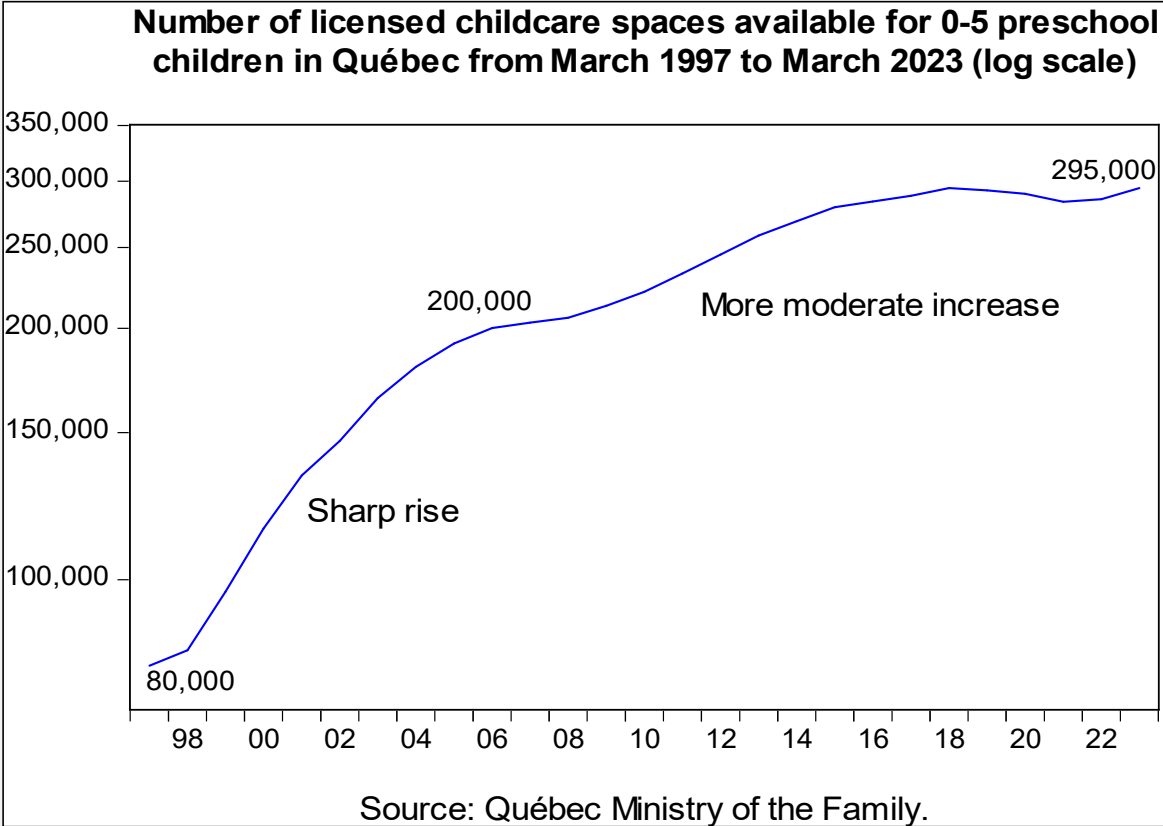
<u>Type of provider<sup>a</sup></u>	<u>Daily fee/child</u>	<u>Spaces in March 2023</u>	
		Number	Percentage
<b>Reduced-fee</b>			
<b>Early Childhood centres (CPE)</b>	<b>CA\$8.85</b>	<b>104,000</b>	<b>35</b>
<b>Family-based</b>	<b>CA\$8.85</b>	<b>70,000</b>	<b>24</b>
<b>Private centres</b>	<b>CA\$8.85</b>	<b>55,000</b>	<b>19</b>
<b>Full-fee for-profit private centres</b>	<b>Tax credit</b>	<b>66,000</b>	<b>22</b>
<b><u>Total</u></b>	<b>...</b>	<b>295,000<sup>b</sup></b>	<b><u>100</u></b>

<sup>a</sup> All care providers are private concerns.

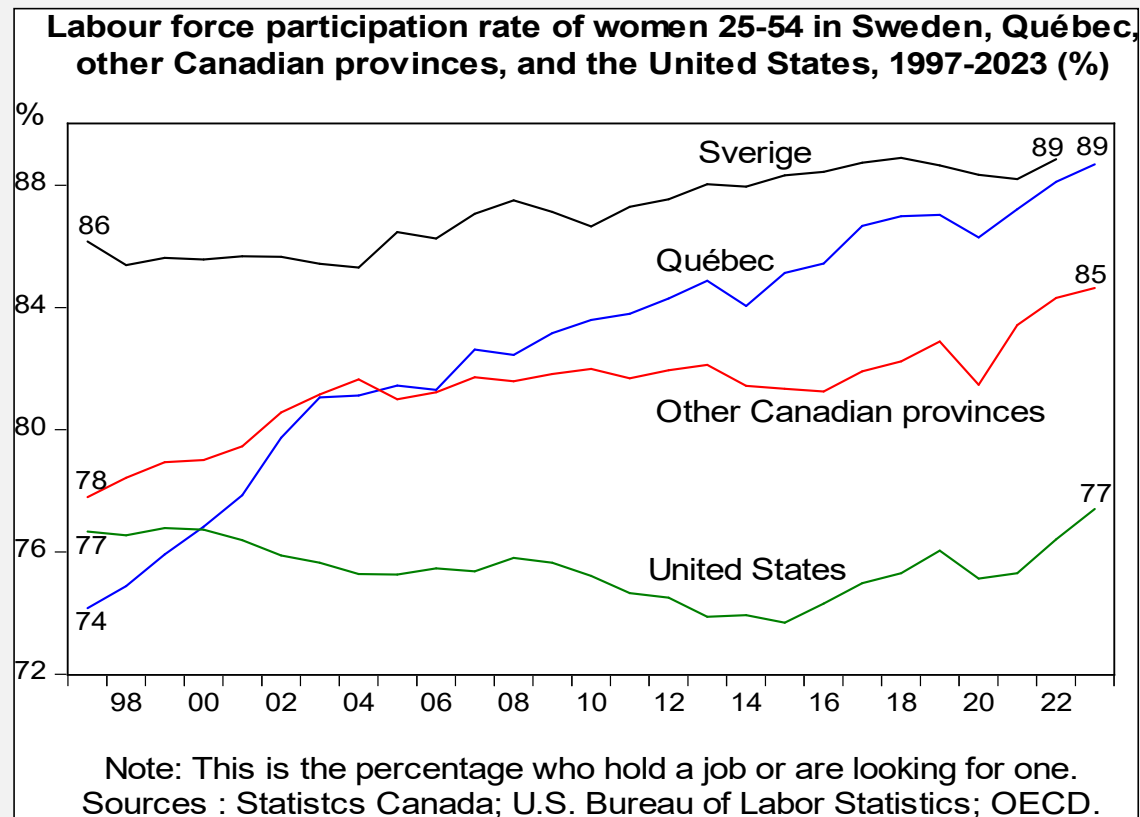
<sup>b</sup> This means that 63% of Québec's 470,000 0-5 preschool children are in daycare.

Source: Québec Ministry of the Family.

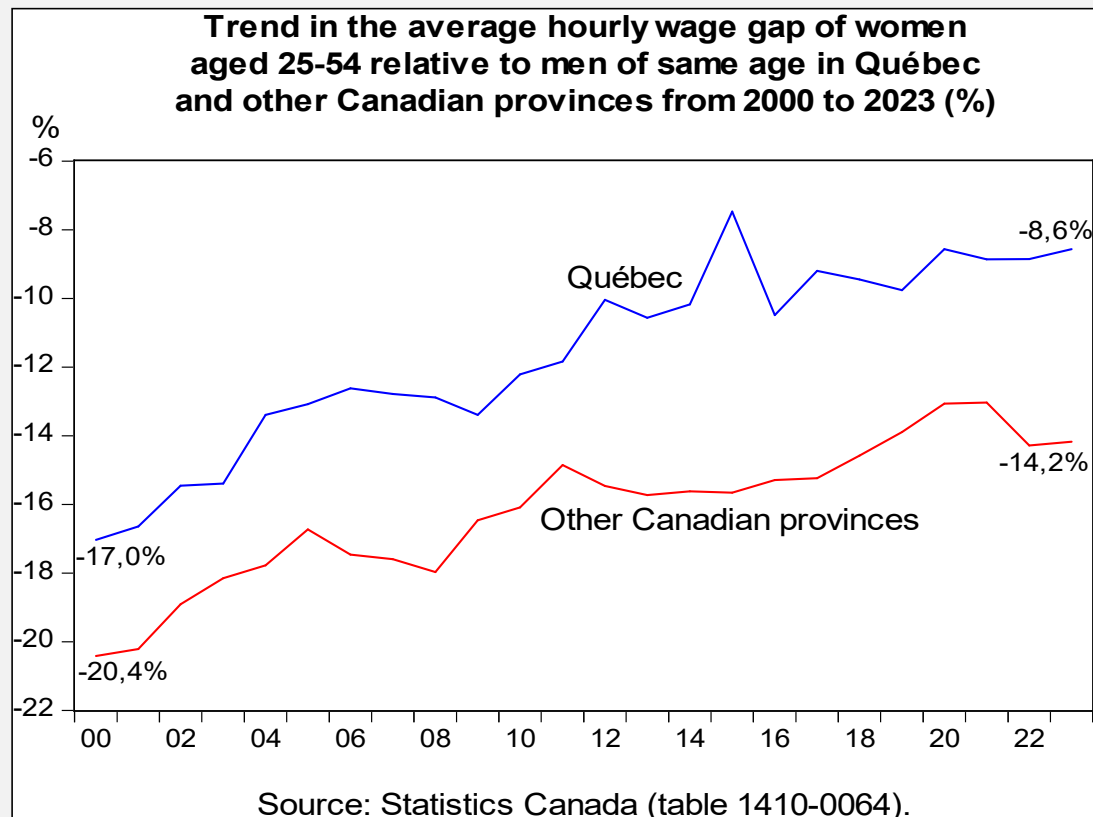
# Childcare utilization has expanded swiftly



# Québec and Swedish women have the highest labour force participation rates worldwide



# The hourly wage gap between Quebec women and men in 2023 is half what it was in 2000



# **Empirical evidence from the research literature**

- **Women's labour force participation has increased sharply, and evenly across broad educational categories**
- **Enhanced parental leaves have complemented the childcare reform**
- **Setbacks in wages and careers following births have declined sharply**
- **Québec's GDP and family incomes have increased by some 1.5 to 2%**
- **The reform has been paying for itself: there has been no net fiscal cost and therefore no need to increase taxes**



# **Which is better: universal or targeted?**

**The Robin-Hood tradition – “soak the rich to give to the poor” – would have the childcare program to be purely targeted to the poor**

**In contrast, the Scandinavian tradition – “you get what you pay for” – would make the childcare program a pure low-and-flat fee universal program**

**The Quebec solution, as well as the new childcare policy favoured by the Canadian federal government, are bent on the Scandinavian tradition**

**Universality has many advantages:**

- 1) it doesn't cost a penny to government**
- 2) it generates a fiscal surplus that can be reinvested in better-quality services for all**
- 3) it can catch all vulnerable children, 2/3 of which come from middle- to high-income families**
- 4) it encourages social mixity and positive peer effects between children of all backgrounds**
- 5) it prevents the damaging stigma too often associated with “programs for the poor”**
- 6) it casts the child care system as the first link in our free public school system (as it should be)**

# Lessons and challenges

- **Three lessons:**

- 1) **The economic well-being of women and families has been greatly enhanced**
- 2) **There has been no need to increase taxes**
- 3) **A universal system is preferable to one targeted to the poor**

- **Four challenges:**

- 1) **Get rid of the remaining shortage of spaces**
- 2) **Increase quality everywhere up to CPE standards**
- 3) **Attract more disadvantaged children**
- 4) **Explore expansion of services to pregnant mothers**