



## What Can We Learn from Quebec's Universal Childcare Program?

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Childcare policy was an important issue in the recent election campaign. The parties' various childcare proposals all took account of the experience of Quebec's universal childcare system. They differed sharply, however, on whether Quebec's model should be emulated, as in the Liberal and NDP platforms, or avoided, as with the Conservatives' recommendation that childcare funding should go directly to parents, who might choose at-home care.

All families in Quebec have access to provincially subsidized childcare, at an out of pocket cost of \$7 per day. While there have been bumps along the way — queues for access and costly labour problems, for example — the system is very popular. We analyzed the impact of Quebec's program on work choices, family functioning and children's well-being and found some positive and some strikingly negative outcomes.<sup>1</sup> What is best for children and parents? While we do not presume to provide the answer, our work does offer some fresh evidence from the childcare front for parents and policymakers to consider.

### *What can the data tell us?*

Our study is based on data drawn from the National Longitudinal Study of Children and Youth.<sup>2</sup> Our national sample of over 33,000 children covers newborns to 4-year-olds during the years from 1994 to 2002. The survey contains information on childcare use, parental labour market behaviour, and children and family health and behavioural measures. We compare the outcomes for children in Quebec to those of children in other parts of Canada, who act as a control group against whom to evaluate what we see in Quebec. We compare Quebec and the rest of Canada before and after the program was introduced in 1997. To measure the

1 Our study is Baker, Gruber, and Milligan (2005), which contains greater detail on our methodology and analysis.

2 This survey is conducted by Statistics Canada, but the results in our paper represent the views of the authors and do not necessarily reflect the views of Statistics Canada.

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Quebec program's impact on families, we focus on mothers in two-parent households, as opposed to single mothers or single fathers. The reason: it is difficult to separate out the effects of the Quebec childcare system for single parents, owing to the wide range of tax policy, child benefit, and social assistance changes in the past 10 years.

Our first major finding is that the Quebec program heavily subsidized the cost of childcare for middle- and high-income families: for typical two-parent families, the proportion of childcare costs subsidized in Quebec increased by 60 percent from 1996 to 2001. Because Quebec, like other provinces, already had in place large childcare subsidies for low-income families, the incentives for low-income families changed very little. The program led to a dramatic increase in the use of childcare by two-parent families: in Quebec the proportion of children in some type of childcare increased by over 51 percent after the introduction of the program (see Table 1). The increase in the rest of Canada during the same period was only 16 percent.

Second, subsidized childcare led to more mothers taking on paid work outside the home. Since the program's introduction, the proportion of working mothers in two-parent families increased in Quebec by about 21 percent, more than double the increase in the rest of Canada. Moreover, most of the new work is full-time. This increase brings many benefits, such as raising the Quebec economy's productive capacity and promoting the careers of women who might otherwise have only sporadic attachment to the labour force. It also generates more tax revenue; as a rough calculation we estimate new federal and provincial taxes offset about 40 percent of the cost of the program.

Several measures we looked at suggest that children were worse off in the years following the introduction of the universal childcare program. We studied a wide range of measures of child well-being, from anxiety and hyperactivity to social and motor skills. For almost every measure, we find that the increased use of childcare was associated with a decrease in their well-being relative to other children. For example, reported fighting and other measures of aggressive behaviour increased substantially. Our results are consistent with evidence from the National Institute of Child Health and Development Early Childcare Research Network (2003), showing that the amount of time through the first 4.5 years of life that a child spends away from his or her mother is a predictor of assertiveness, disobedience, and aggression.

Furthermore, we find that several important measures of well-being show parents to be worse off. The survey data showed that mothers of the children in daycare were more depressed, as indicated by the significant rise in their depression scores relative to the average. The quality of their parenting practices declined, as measured by responses to questions on consistency, hostile or ineffective parenting, and "aversive interactions." They also reported a significant deterioration in the quality of their relationship with their partners, as measured by mothers' reports of their satisfaction with their spousal relationship on a scale from one to 11. We report a selection of these results in Table 1.

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**Table 1** *Before and After Quebec's Childcare Reform: Percentage Change in Selected Indicators, Quebec and the Rest of Canada*

Measure	Percent change relative to baseline	
	Quebec	Rest of Canada
	<i>percent</i>	
Proportion of children in some type of care	51.4	16.3
Proportion of mothers working outside the home	20.9	8.9
Children's anxiety score (ages 2 to 4) <sup>a</sup>	34.0	11.8
Children's aggression score (ages 2 to 4) <sup>b</sup>	24.2	1.4
Hostile parenting score (ages 2 to 4) <sup>c</sup>	4.1	-4.0
Consistent parenting score (ages 2 to 4) <sup>d</sup>	0.7	4.6

Source: Calculations by the authors using data from the National Longitudinal Study of Children and Youth, as in Baker, Gruber, and Milligan (2005). Each number in the table represents the percentage change in the measure from the first wave (1994-95) to the fifth (2002-03). For example, the proportion of children in care rose by 51.4 percent in Quebec, and by 16.3 percent in the rest of Canada.

Notes: <sup>a</sup> As measured by responses to survey statements about the child such as "Never is too fearful or nervous."

<sup>b</sup> As measured by responses to survey statements about the child such as "Never kicks, bites, hits other children."

<sup>c</sup> As measured by responses to survey statements about the parent such as "Never does the punishment depend on my mood."

<sup>d</sup> As measured by responses to survey statements about the parent such as "Makes sure child follows order or command all the time."

### *What are the caveats?*

Our findings constitute empirical evidence on the sometimes painful stress that families face as they seek to balance competing demands and expectations at work and home. As with any research, it is important to make clear the limitations of our study. One concern is that our findings reflect problems that families would face anyway when their children enter school; the universal childcare program simply hastened the day of reckoning. While we cannot rule this out, earlier exposure to these problems may have consequences for children later on.

Also, it is important to stress that it may not be the type of childcare that drives the behavioural changes we observe; rather, it could be the combination of mother working and the child being in care. For this reason, our results cannot be used to make judgments about care by family members versus care in an institutional setting.

Another possibility is that our findings reflect a change in how parents answer the survey questions, rather than a change in actual behaviour. However, our findings appear across a wide and consistent set of responses — including many health measures that are more likely to be objectively reported.

Finally, we were unable to study the longer term impact of the program, if any, on children's outcomes. Importantly, findings by other researchers indicate that cognitive abilities of children in daycare may be higher by the time children reach school age; especially if they come from disadvantaged backgrounds. For example, Currie (2001) reports evidence of decreased grade retention and

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improved test scores for children who attended preschools, although the longer-run evidence was mixed. It is possible that these positive impacts will also arise in the Quebec program, but the data are not currently available for us to study these vital issues.

### *Conclusions*

While investigation of the Quebec model is in its infancy, preliminary evidence leaves it unclear, on balance, whether this program is what is best for children and their parents.

Adopting the Quebec model nationally would cost significantly more than the amounts any party proposed to spend in the recent election. A potential expenditure of this magnitude demands careful understanding of the potential benefits.

Our research suggests that the spending would benefit primarily middle- and upper-income families, and would stimulate more work outside the home among mothers. This means there are benefits to consider alongside an at least short-run deterioration in the well-being of children and their families: many families may find that the income and other long-term benefits of work outside the home outweigh the stresses created by daycare arrangements. Public programs in support of daycare should reflect an understanding of these difficult choices that families face.

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